

JPRS 79619

9 December 1981

China Report

RED FLAG

No. 19, 1 October 1981



FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

9 December 1981

CHINA REPORT

RED FLAG

No. 19, 1 October 1981

Translation of the semimonthly theoretical journal of the Central Committee of the Chinese Communist Party published in Beijing.

CONTENTS

Speech at the Mass Meeting To Honor the Centenary of Lu Xun's Birth (pp 2-6) (Hu Yaobang).....	1
The Historical Significance of the 1911 Revolution (pp 7-12) (Hu Sheng).....	8
Heighten Our Spirit, Grasp Economic Work Well (pp 13-16) (Commentator).....	18
The Agricultural Responsibility System and the Reform of the Rural Economic System (pp 17-25) (Dun Runsheng).....	24
Is Opposition to Bourgeois Liberalization Incompatible With the Guidelines of the 3d Plenary Session of the 11th CCP Central Committee? (pp 26-28) (Commentator).....	40
Films Should Contribute Toward Developing a Socialist Spiritual Civilization (pp 29-33) (Chen Bo).....	45
A Discussion on the Living Soul of Mao Zedong Thought (pp 34-37) (Teng Wensheng, Jia Chunfeng).....	53
Why Is It That Not All Ideological Differences in the Party Reflect Class Struggle in Society? (pp 38-40) (Sun Ruiyuan).....	59

In Which Fields Should We Continue To Carry Out Revolutionary Struggle Under Socialist Conditions? (pp 40-42) (Zhang Gong).....	63
Why Was Our Country's National Economy Able To Progress During the 'Great Cultural Revolution'? (pp 42-43) (Gao Zhiyu).....	67
Postwar Inflation of Financial Capital in Imperialist Countries and Related Changes (pp 44-48) (Tao Dayong).....	70
It Is Necessary To Know the Minds of the People (inside back cover) (Shi Ding).....	78

SPEECH AT THE MASS MEETING TO HONOR THE CENTENARY OF LU XUN'S BIRTH

Beijing RED FLAG in Chinese No 19, 1 Oct 81 pp 2-6

[Speech by Hu Yaobang]

[Text] Comrades and friends:

Lu Xun was a great hero in China's modern revolutionary history, a great fighter on the cultural and ideological fronts. His revolutionary spirit and the rich ideological legacy he left to us have won growing respect from our people in the 45 years since his death. At this meeting today to commemorate the centenary of his birth, we must learn from his revolutionary spirit and commemorate his immortal achievements.

Lu Xun lived during a dark period of acute national crisis, when China was controlled by imperialism, feudalism and bureaucrat capitalism, and the people were cruelly enslaved and oppressed. On the eve of the 1911 revolution, he took up writing and ideological work with the aim of reforming China. The failure of that revolution bewildered and distressed him, but did not stop him from pressing forward. As a revolutionary democrat he took an active part in the May 4th new cultural movement of 1919. When some bourgeois intellectuals of the right wing of the May 4th movement grew apathetic and retrogressive, he continued to use his brilliant creative writing and acute ideological criticism to fight resolutely and unremittingly against all the old forces impeding China's progress. He showed immense enthusiasm for the 1925-1927 revolution in which the Chinese Communist Party took part and which it led. After the defeat of this revolution he made fresh headway in his thinking. Our country has had many intellectuals who started out as petty bourgeois or bourgeois revolutionary democrats, then became proletarian communist fighters. Lu Xun was the most outstanding. In the last 8 or 9 years of his life, he integrated his profound knowledge of Chinese history and rich experience of combating the old forces with the proletarian revolutionary stand and scientific Marxist thinking. The militancy of his work and its educational value were unprecedented in the history of Chinese culture. When the military and cultural contingents led by the party were engaged in a struggle to the death with the KMT reactionaries, Lu Xun took the lead in breaking through the counterrevolutionary cultural "encirclement and mopping up" campaign. All his life he was a fighter. In his eager search for the truth he never ceased pressing ahead, and always stood in the forefront of his age.

Lu Xun embraced the communist world outlook after many years of active struggle and independent thinking; hence his faith in it was unwavering. Under the fascist reign of terror he publicly proclaimed, "The future belongs only to the rising proletariat." He saw that the Chinese Communist Party and the Red Army of workers and peasants led by it were the hope of China. Before the outbreak of the war to resist Japan in the thirties, our party underwent great difficulties because of the weakness of the people's revolutionary force and the serious setbacks caused by its leaders' mistaken leftist line. Even so, Lu Xun firmly believed in the party, and sided with it till his dying day. This showed his splendid revolutionary spirit and his far-sightedness. Short-sighted people who lose heart over the least setback cannot compare with his revolutionary spirit; neither can those who have illusions about revolution, so that unless it produces a paradise overnight they jeer at it or curse it. Lu Xun was well aware that the revolutionary road could not be smooth or straight; it was bound to be thorny and tortuous. Acutely grasping the requirements of the age, regardless of personal danger he unhesitatingly threw in his lot with the people's revolutionary cause. Lu Xun never joined the party, but he was a true Marxist and communist.

Lu Xun spearheaded his attacks against imperialism, feudalism and their henchmen. Completely staunch, he showed extraordinary steadfastness and courage in this fight. In the revolutionary camp and in progressive literary and art circles, he was all for uniting against the enemy. He opposed rightist capitulationism, as well as the mistaken policies of leftist empty talk and adventurism. His public spirit made him point out and condemn the shortcomings and mistakes of his comrades-in-arms, never glossing over them; and though his strictures may sometimes have been too severe, they were always well-meant, profound and enlightening, helping to straighten out his comrades' thinking. Lu Xun was very strict with himself. He said, "It is true that I constantly dissect other people, but I dissect myself more often and more ruthlessly." And this was no empty claim. Lu Xun expended much time and energy on training young people. He encouraged and taught them by his own example, giving them the strength and knowledge to advance.

Lu Xun's main weapon was literature. Regarding the relationship between literature and society, he forcefully debunked such theories as that which considered literature and art as an outburst of individual "inspiration." He pointed out that it was a delusion to want to leave the battlefield during a battle, to be independent. He stressed that revolutionary literature and art belonged to the masses and was created for them. It was a tool to reform society, a reflex action, a means of attack and defense. Literature and art must describe society accurately and forcefully, and in turn influence society, to deepen and broaden the revolution and impel society forward. Lu Xun's whole literary career makes it clear that he paid great attention to the social effect of writing. The works he gave the people were as perfect as he could make them in regard to both content and form. He pointed out that writers without a firm revolutionary stand often distorted the revolution, and might use so-called revolutionary writing to peddle their own mistaken views to the detriment of the revolution. He believed that revolutionary writers and artists must be responsible to the people, especially to the youth. It was criminal to lead young people astray with their own mistaken views. The main thing for a revolutionary writer, he said, was first to become a "revolutionary." He should be "one of the people" and throw in his lot with the revolution, keeping his finger on its pulse, sharing the grief, anger

and joy of ordinary people. This was the only way to produce revolutionary literature and art. Lu Xun emphasized the importance of literary criticism, saying we must have "criticism of literature"; the task of such criticism was to "root up the weeds and water the flowers." Without criticism, literature and art can make no progress. Critics should have a clear sense of right and wrong, affirming what is right and pointing out what is wrong, to benefit writers and artists. Lu Xun worked tirelessly, with amazing industry. He urged young people to work unremittingly, and warned them not to think that publishing a few essays or magazines for a year or so was a great, unprecedented feat. Lu Xun died only 18 years after the May 4th movement, yet in this relatively short period, although his conditions were extremely hard his creative writing totaled 4 million characters and his translations 3 million--all work of a high standard. Nearly all these works still retain their tremendous appeal and power to enlighten readers, their right to be passed down to posterity.

Lu Xun was a great patriot and a great internationalist. He attached the highest importance to cultural exchanges between China and other countries, and devoted much energy to introducing progressive literature from foreign countries. He showed concern for and supported the liberation struggles of the world's oppressed nations and peoples. In the international antifascist struggle in the thirties, he was a brave and resolute internationalist fighter.

Comrades and friends!

Unfortunately Lu Xun died too early to see the epoch-making changes brought about in this great country in the east by all China's nationalities, led by the Communist Party. However, Lu Xun's prophecy 2 years before his death that a new socialist society would certainly emerge has already come true.

Owing to many past mistakes, our party has inherited a host of problems which have not yet been properly resolved; but despite the difficulties in our way which must still be overcome, our whole party, army and people of all nationalities are increasingly confident. In the last few years our party Central Committee, in the light of historical experience and the people's wishes, has laid down a line and policies and taken basic measures which have proved incorrect and highly effective. We shall undoubtedly reach our goal, which is to build up China into a powerful modern, highly democratic and cultured socialist country.

Our work is making headway from year to year; as everyone can see, things are better this year than last. After studying and discussing the resolution of the party's sixth plenary session, the political unity of our whole party, our army and the multinational people of the whole country is stronger than ever before. Our decisions on readjustment and reforms are being carried out, so that the national economy has begun to advance steadily along the road of healthy development. Although a number of provinces and regions have been hard hit by flood or drought, we can state confidently that this year will see an overall, fairly large increase in agricultural output.

In the past few years, our party has affirmed and continues to affirm, most comrades on the literary and art front, just as on other fronts, have been taking a correct stand, have worked hard and well. This is one of the fields with many

achievements to its credit. However, while fully affirming the main trends of our literature and art, we must point out that it still has certain unhealthy, negative features which harm the people. You all remember the series of talks which our party had about this in the winter of 1979 and in the spring of last year. In our cordial discussions with writers and artists, many new proposals were made for enriching our literature and art. Unfortunately, writers and artists have not paid sufficient attention to these proposals.

To promote the healthy development of literature and art, it is absolutely necessary to practice criticism and self-criticism correctly. At present, many good works do not receive the praise they deserve, nor do certain pernicious works receive forceful criticism and condemnation. In both cases, there is a lack of Marxist scientific analysis and appraisal. Many comrades and friends understand the importance of literary and art criticism. But some of them are unduly apprehensive, afraid of destroying the renewed flourishing of literature and art. They fail to take an overall view, firstly because they are weak dialecticians. If we allow weeds and flowers to grow together, without the requisite struggle, there is bound to be chaos in our literature and art. Secondly, they have not made a full assessment of our party's correct summary of the positive and negative experience in developing literary and art criticism, which should enable us to obviate interference from any side.

Our party Central Committee has carefully instructed the whole party, and will continue to do so, to adopt an analytical approach to writers, artists, theoreticians, publishers or those working in the mass media who publish seriously mistaken views. They must differentiate between different cases and treat them all correctly.

Some comrades have done well and written many good works, then owing to a temporary aberration have published harmful writings. We cannot because of this negate their achievements, but neither can we condone pernicious writing because of their past contributions. Certain comrades unjustly treated in the past feel somewhat resentful. This is understandable. But if they nurse resentment against the party and the socialist system when observing society and writing new works, this is entirely wrong. By means of persuasion and criticism we should help them to revise such harmful works or to scrap them. Our party has rescinded or scrapped directives which practice has proved to be mistaken. Cannot our writers and artists do the same and promote this style, which far from making anyone lose face redounds greatly to his credit?

Some writers persist in their erroneous writing because they lack a correct understanding of our people and of the great cause undertaken by our nation. The situation in this case is rather more complex. Some put themselves in a wrong relationship to the people. In Lu Xun's words, they have opted out of the people's actual struggle, and use fantasies they have dreamed up to write a few stories making private capital out of the revolution. Others are unable to analyze our new society's development and the mistakes and setbacks which are hard to avoid in the course of revolution. They do not understand Lu Xun's saying that fighters with faults are still fighters, while beautiful flies are still flies. Their works are what Lu Xun described as the literature of complaints and discontent. Lu Xun, living in dark old China, declared incisively that if a nation

had only a literature of complaints and discontent there was no hope for it. Not to say that our writers are living in a new socialist age. Yet others lack faith in the socialist system. Lu Xun said that people who had no faith in their country, nation or people would put their faith in foreign or capitalist countries. And this would lead ultimately to self-deception, which could deceive the people and cause them suffering themselves. How can the people of our country tolerate the wrong trends and approaches to writing just described? We should all come forward to criticize and resist works of this kind as well as those who thrust them on the public, especially on young readers with little experience of life. In this way we can educate and unite our people, and at the same time educate and help the writers who have committed these mistakes.

There is something else I would like to discuss with you, that is, the people of another type who have an ingrained hatred for new China, socialism and our party. There are such people in our new society. As Lu Xun said: Even a lion has pests preying on it. He also spoke of people who disguised themselves to stab others in the back. I am definitely not implying that there are many people like this in China, still less that they have the power to turn back the wheel of history. I am simply telling you that our party believes we must remain on our guard against such people, however few and exceptional they are. It is dangerous to underestimate them. We must punish them by law for their counterrevolutionary activities.

I have told you our party's views regarding the present wrong trends in literature and art and other ideological fields, and the chief ways to deal with them. I believe that the majority of our writers and artists and the masses will approve of them, but this is also found to give rise to some talk at home and abroad. Some people may raise a hubbub or even swear at us--that does not matter. As Lu Xun rightly said, no one in ancient or modern times has been overthrown by curses. It was not because of curses that people were overthrown, but because their masks had been torn off. Our party has been cursed for scores of years without being overthrown. Those who spread rumors to deceive the masses will ultimately be exposed and have not a leg to stand on.

Some comrades wonder why only ideological circles, and not other fighting fronts, are called on to undertake criticism and self-criticism. Is the ideological field the only one with negative aspects?

This is a misunderstanding. Our party has always believed that much has been achieved on every front, but at the same time many problems remain. All our work has its bright side, and that is its main aspect. It also has its dark side, which must not be overlooked.

At present in our work, among our cadres, party members and government workers, apart from the wrong trend of bourgeois liberalism of certain people on the ideological front, there are various negative elements on other fronts too. For example, certain leading cadres in leading party organizations are cut off from reality and the masses. They neither study problems nor solve them. They stick to old rules, show no interest in necessary reforms; they are highly irresponsible bureaucrats, not carrying out the tasks given them by the party and the people. Some comrades in certain departments, primarily certain

departments dealing with the economy, lack a comprehensive view. They dispute or refuse to carry out tasks which do not benefit their departmental interests or are not to their liking. This is the mistake of selfish departmentalism which injures the whole country's interests. Some cadres in certain factories and enterprises or rural communes go counter to the party and government's long-term policy of giving consideration to the interests of the country, the collective and the individual. While claiming to represent the interests of the masses, they actually represent the backward ideas of certain workers and peasants, seizing every chance to take advantage of the state or ask for high prices. This is against the interests of the country. Certain cadres flagrantly ignore party discipline and the laws of the country, using the power entrusted to them by the party and the people to feather their own nests, sometimes going so far as to ask for gifts or accept bribes from foreigners. This disgraceful conduct disgraces the country too. All such negative elements must be dealt with seriously. We must use correct methods to overcome them resolutely.

There are various dark phenomena in our present socialist society, and there will continue to be some for a long time. This is quite understandable. But socialist society cannot tolerate these abuses left over from the old society. Our party has always proposed mobilizing and relying on the people to struggle against these evils. This struggle will take not just a few days or a couple of years, but must be a continuous one, a long-term, unrelenting struggle of the kind advocated by Lu Xun.

What is the most effective method of fighting? Neither a confused, hectic struggle nor laissez-faire. Decades of experience have taught us that the only effective method, among the ranks of the people, is to restore and develop our party's tried and tested fine tradition of criticism and self-criticism. We must do this step by step, first in the party, then outside the party, first among the cadres, then among the masses, to enable our people after a period of time to learn to use this weapon correctly.

Some comrades say, if good use is made of this weapon, comrades with serious mistakes will become good comrades, while good comrades will become even better. Of course this is right, but it is still not enough. Our party believes this is an excellent way for our whole party, whole army and the different nationalities of our whole country to educate themselves, to consolidate and develop the political situation characterized by stability, unity and liveliness throughout the country, to raise the consciousness of all our nationalities, to promote the fine moral qualities of the new society, and to build up a socialist civilization. In other words it is a treasure.

Our party believes that comrades in literary and art circles and on the whole ideological front have an extremely important role to play in learning how to use this treasure correctly. If you on the cultural front are good troops with good weapons, you can be of great assistance to the party in carrying out the historic task of building up a splendid socialist culture. The reason why our party is so eager for all of you first to overcome the negative factors in your own ranks, and promote the positive factors, is entirely because of this positive goal. Our party believes that after steeling and tempering, the revolutionary army, on the ideological front, which has made such great contributions in the past, can certainly take up this glorious task!

Comrades and friends!

In February last year, at a forum on drama I said that our socialist culture needed to reach three new pinnacles in ideology and theory, science and technology, and literature and art. We are toiling up a rough, winding mountain track. Overhead tempests rage, below are sheer precipices, and we are weighed down with many burdens, to say nothing of all our wounds. Can we scale the heights of ideology and theory, science and technology, literature and art? Will some of us fall out of the ranks or desert? That I cannot say. All I can say is that our party has learned from the past and will never abandon comrades loyal to the party, the people and our great cause, nor will our party abandon those comrades who have made mistakes but are willing to correct them. In short, our way is long and dangerous; we must advance hand in hand, closely united. We also must strengthen friendly relations with progressive writers, artists and other intellectuals of all countries, absorb all their good achievements, and together with them advance hand in hand for the peace of the world and human progress.

Today as we celebrate the centenary of the birth of Lu Xun, a great revolutionary and great standard-bearer on the ideological and cultural front, let us develop his revolutionary spirit, and do our utmost to enrich and foster the healthy development of our socialist culture.

CSO: 4004/5

THE HISTORICAL SIGNIFICANCE OF THE 1911 REVOLUTION

Beijing RED FLAG in Chinese No 19, 1 Oct 81 pp 7-12

[Article by Hu Sheng [5170 4939]]

[Text] The 1911 revolution overthrew the rule of the Qing dynasty and for the first time in the history of China it raised the banner of a democratic republic. This was the result of the revolutionary movements that were gradually launched by the bourgeoisie and the petite bourgeoisie since the end of the 19th century.

Since the Opium War in 1840, China had been subjected to aggression and oppression by foreign capitalism and imperialism and had gradually turned into a semi-colonialist and semifeudal country. The Chinese people continuously carried out struggles against foreign aggression and the reactionary ruling force in China. With the emergence of the revolutionary movements launched by the bourgeoisie and petite bourgeoisie, the Chinese people became more aware of the necessity of carrying out a revolution against imperialism and feudalism for an independent and democratic country. Although the 1911 revolution failed to accomplish this revolutionary task, it was of great significance in the history of the struggles waged by the Chinese people for liberation, and this significance is irrevocable.

The direct target of the 1911 revolution was the rule of the Qing dynasty under the imperial family of the Man [Manchu] nationality. In order to oppose such rule, the revolutionaries at that time naturally inspired the masses by making use of the contradictions between the Han [Chinese] and the Man nationalities. Because of the privileges enjoyed by the Man nationality politically and economically, such contradictions did exist to some extent. But we can in no way regard the reason for the emergence of the 1911 revolution and the problem it was intended to solve as, or mainly as, national contradictions. Dr Sun Yat-sen said that although he had advocated revolution as early as before 1900, only a few people responded. He said: "Of the people at home it was only party members who did not think it strange to hear of launching revolution against the Man nationality." ("The Principles of National Reconstruction," Chapter 8 "Psychological Reconstruction") But why did the anti-Man slogan put forth by the revolutionaries after 1900 enjoy wide support from the masses? It was not because the contradictions between the Han and the Man nationalities had suddenly become acute but because the struggle that was being launched under the slogan had already overshadowed national contradictions.

First, the revolution to overthrow the Qing government was in fact against foreign imperialism. Under the historical conditions after 1900, the Chinese people's struggles against imperialism could not but concertedly oppose the reactionary and feudal rule headed by the imperial family of the Man nationality.

It was true that during the several decades before 1900, the feudal rulers had gradually knuckled under to foreign capitalist and imperialist oppression and had become the prop for imperialist big powers in dominating China, but it was only following a series of events after 1900 that the Qing government completely exposed itself as a willing tool supported and used by imperialism. This was because, following the occupation of Beijing by the eight-power allied forces, the Qing government fled to the imperial court at Xi'an but later returned to the capital and publicly proclaimed its disgraceful motto of "courting foreign countries with China's material resources." On the other hand, the big imperialist powers were then entangled in serious international contradictions and they wanted to avoid struggles by the Chinese people such as the Yihetuan [Boxer] movement; as a result, they temporarily put aside all their plans to divide China and resorted to the policies of the so-called "open door," "protecting China" and "sharing interests equally." After inflicting an enormous amount of "indemnities" (the indemnities for the Boxer Uprising) on China, which in no way could be paid, the big powers jointly defended the Qing government that was totally under their control in order to firmly lock it up in semi-independent and semicolonialist shackles.

The bourgeoisie that initially developed in the early period of the second half of the 19th century gradually divided into two political factions--reformists and revolutionaries--(the former advocated constitutional monarchy and hence were called constitutionalists). These two factions had a common starting point, namely, that of saving China from imperialist aggression and oppression. The reformists launched the reform and modernization movement in 1898. But they had no intention of overthrowing the rule of the Qing dynasty; they just demanded that the emperor launch a "political reform" and carry out certain political measures along the lines wanted by the bourgeoisie. They thought that with such measures they would be able to save the country from extinction. Following the failure of the reform and modernization movement and particularly after the events of 1900, a number of reformists joined the ranks of the revolutionaries. Take Chen Tienhua for example. He was a bourgeois revolutionary and popular propagandist of the early period. He wrote: "This government exists in name only! It is just an official looking after the country on behalf of foreigners." Therefore, he called the Qing government "the government that belongs to foreigners," and said: "Since this government cannot be offended, cannot a government that belongs to foreigners be offended?" ("Quickly Repent," 1903) As the revolutionaries wanted to overthrow the reactionary and feudal government that was protected by imperialism, they were in fact opposing imperialism.

Liang Qichao, who still followed the reformist stand even after 1903, became a leading figure in sharp debates against the revolutionaries. He opposed the revolution which intended to overthrow the Qing dynasty and consequently he spared no efforts in explaining the action by the Man nationality in entering Shanhaiguan [at the eastern end of the Great Wall] to impose their own emperor on China, and he said that this act by the Man nationality did not mean that the

country had been extinguished. (XINMIN CONGBAO No 86, "China Cannot Perish") He held that the danger of the extinction of the country came from foreign imperialism and this had the same implication for both the Han and the Man nationalities. He said: "If China perishes, there will neither be the Han nor the Man nationality, and neither of them will have anything." "If the Han and the Man nationalities contradict each other, the result will be the extinction of the country." (XINMIN CONGBAO No 85, "Answers to Certain Newspapers," section 4) These words of Liang Qichao's were by no means groundless, but he failed to get the upper hand in debates because he avoided the basic fact that, under the rule of the Qing dynasty, China was increasingly facing the danger of being extinguished. It was true that some revolutionaries displayed a narrow national sentiment when they talked about the relations between the Han and the Man nationalities, but they opposed the Qing government and did not want to see "the Han and the Man nationalities contradict each other." The revolutionaries headed by Dr Sun Yat-sen held that in order to save the country from extinction, get rid of imperialist rule and gain independence, it was imperative for the revolution to overthrow the Qing dynasty, which had become a tool of imperialism. Such an advocacy was in line with reality and thus won support from the broad masses of people.

Second, the revolution to overthrow the Qing dynasty was also significant in putting an end to the politics of feudal autocracy. A young revolutionary, Zou Rong, wrote in his book "Revolutionary Army" in 1903 that, following the downfall of the rule of the Qing dynasty by revolution, it was necessary to follow Western bourgeois constitutions and establish a Chinese republic. He said: "The Chinese republic is a free and independent country." Dr Sun Yat-sen pointed out in 1906 that it was a "political revolution for us" to overthrow the "Qing government" while the purpose of this revolution was to "overthrow autocratic government" and "establish a democratic and constitutional government." (Speech at the meeting marking the anniversary of MINBAO [PEOPLE'S PAPER])

The autocratic politics of feudal land ownership on the basis of the small peasant economy lasted for 2,000 years in China. In the last period of the feudal society there emerged an idea that was doubtful about such politics, but people failed to find a particular political system to replace the autocratic politics. Even the peasants who rose up to oppose the feudal rule were not in a position to establish the democratic system that gets rid of an emperor. The Chinese people began to acquaint themselves with the system of the democratic republics of the Western bourgeoisie in the second half of the 19th century. The protectors of feudalism regarded this system as an evil system of "foreign devils." But for the newly arising bourgeois politics and many intellectuals, such a system was the loftiest political ideal.

Although both bourgeois reformists and revolutionaries lauded the democratic republic state system, they still held a different attitude. The reformists regarded such a state system as only an ideal that could not be realized in China, which they thought could only have a so-called "autocratic republic." Consequently, they demanded the rulers of the Qing dynasty to implement an autocratic constitution, or the so-called "civilized autocracy." They held that for the revolution to realize a democratic republic would give rise to great turmoil and push the country deeper toward extinction. The revolutionaries headed by Dr Sun

Yat-sen denied such beliefs by the reformists. They regarded a democratic republic as the direct aim of the revolution. Thus they injected the idea of democratic revolution into the revolution that aimed at overthrowing the Qing dynasty and expounded that it was necessary to carry out the revolution in order to realize their expectation of establishing a democratic republic.

The 1911 revolution did not result in a true democratic republic of the bourgeoisie. Under the signboard of the Republic of China, China remained a semi-colonial and semifeudal country characterized by poverty, backwardness, splits and chaos. Kang Youwen and Liang Qichao held that the situation during the several years following the revolution demonstrated that their prediction had been correct. It was true that the revolution was not completely successful, but it could not be proven that the revolution was neither successful nor acceptable. Like their struggles against imperialism, the Chinese people's struggles against feudalism had to take a protracted and arduous road. Although the bourgeois revolution was not in a position either to put forth a complete antifeudal program or to touch the economic foundation of the feudal society, it dealt blows to autocratic politics, which were the superstructure of the feudal society, as well as to various old ideologies inherent in autocratic politics. The 1911 revolution put an end to the autocratic politics that had existed for 2,000 years in China and enabled the Chinese people to take a big stride forward in their struggle against feudalism. Therefore, the 1911 revolution must be lauded as a great historical event.

Third, the purpose of overthrowing the rule of the Qing dynasty and establishing a bourgeois democratic republic was to realize capitalist industrialization. In the "Declaration of the First National Congress of the Kuomintang of China" in 1924, Dr Sun Yat-sen, recalling the 1911 revolution, said: "The purpose of the revolution is not only to overthrow the Qing dynasty but also to reform China following the downfall of this dynasty"; that is to say, "politically, to make the transition from the autocratic system to the system of people's rights, and economically, to make the transition from handicraft production to production under the capitalist system."

A new atmosphere of learning from Western countries and developing modern industry began to emerge in the 1860's. From the 1860's to the early 1870's, there were few foreign capitalists operating industrial and mining enterprises in China, but in the second half of this period, private investments in modern industry gradually increased. It was a good opportunity for Chinese national capital to develop, but industry during this period was under the control and monopoly of the feudal government and feudal bureaucracy. The enterprises run by the bureaucratic advocates of Westernization (Zeng Guofan, Li Hongzhang, Zhang Zhitong and Sheng Xuanhuai) bore the nature of capitalism, but they did not promote the development of national capital; instead, they hindered this development. The demand to let private capital run modern enterprises freely was directed against the control and monopoly of the feudal government and feudal bureaucracy. The reform and modernization movement that failed also strongly demonstrated such a demand. Following the events in 1900, the Qing dynasty formally carried out the policy of encouraging private capital, but in fact it was only conferring various official titles on the businessmen who invested. Because of the squeeze of foreign capital and the bondage of feudalism, it remained very

difficult for private enterprises to develop. At that time, foreign capital had already penetrated Chinese industrial, mining and transportation departments. It was unrealistic to hope that the Qing government, which had already become an imperialist tool and which persisted in a system of feudal rule, would conscientiously and effectively encourage and protect private industry and commerce.

During the 1911 revolution, there was a demand for social progress to develop capitalism. But how to develop capitalism? In this regard, bourgeois reformists pinned their hope on encouragement by the feudal state. On the other hand, the revolution held that the "handicraft industry could make the transition to production under a capitalist system" only through democratic revolution. The 1911 revolution failed to gain democratic victory and therefore it failed to realize capitalist industrialization. But it must be acknowledged that such a view of the revolution is basically correct, because it represents a conclusion reached by summing up experiences in the development of Chinese industry in the previous period, and this conclusion has been proven correct by the facts in the years following the 1911 revolution.

In the 1930's, some people from bourgeois academic circles wrote articles to reverse verdicts, and they held that China's industrialization and social progress could be realized in the hands of the bureaucratic advocates of Westernization and that it was a pity that such a cause was interrupted. Such a view is totally wrong. It is not only retrogression of the view held by bourgeois reformists during the 1911 revolution, but is even more backward than that. According to this view, the 1911 revolution was unnecessary, nor was it the people's revolution that followed the 1911 revolution.

Fourth, when the revolutionaries were launching the revolution for capitalist industrialization in a bid to establish a bourgeois democratic republic, the class contradictions in Western capitalist countries were becoming increasingly acute, while the socialist movement and various socialist theories for criticizing and denying the capitalist system were rising. Under such conditions, ideological contradictions appeared among the Chinese bourgeois revolutionaries. Such contradictions were reflected in the principle of people's livelihood put forth by Dr Sun Yat-sen, who, together with his comrades, regarded the principle as synonymous with socialism. He said: "Civilization brings good and bad results and therefore we must strive to achieve the good ones and avoid the bad ones. The good results in European and American countries are enjoyed by the rich while the poor are suffering from bad results. The happiness created by civilization is always enjoyed by few people and therefore the world is not equal. The purpose of our revolution is not only to create a state of the people but also a state of society, and such state cannot be matched by Europe and America." (Speech at the meeting marking the anniversary of MINBAO) That is to say, China must follow Western countries to develop "civilized progress" and must also avoid the scourge of capitalism and prevent the next socialist revolution.

The principle of people's livelihood referred to by Dr Sun Yat-sen at that time had the implication of "equalization of land ownership" and "land nationalization." According to his explanation, the state purchased the land from landlords at low prices so that the landlords would not be able to reap staggering profits from the development of capitalist industry and commerce and from soaring land

prices. In fact, such an advocacy could only result in reducing to the minimum or abolishing the part of the surplus value attained by the landlords from capitalists and therefore such advocacy is in the interest of developing capitalism. The so-called equalization of land ownership mainly involves the land in urban areas; even if it involves the land in the countryside, its nature belongs to the sphere of bourgeois democratic reform, it is not socialism and it cannot prevent socialist revolution.

The revolutionaries in fact wanted to develop capitalism, but subjectively they considered that the broad masses of the laboring people would not suffer from the development of capitalism. This idea was an idle dream that departed from historical reality. It was because of this idea that they felt they were fully reasonable in fighting for the development of capitalism and as a result, they vaguely demonstrated the idea that China should not totally follow the old road of the capitalist countries. They could not tell how to take a new road, but their idea was an encouragement for the masses who demanded revolution at that time. Following the establishment of the Tong Meng Hui revolutionary league, uprisings occurred in the border between Hunan and Jiangxi Provinces with the forces of party organizations as the vanguard. In their official call to arms, these organizations declared that their purpose was not only to overthrow the Qing government "but also to abolish the autocratic government that had lasted several thousands of years, ...set up a democratic republic and enjoy the right of equality and happiness of freedom together with 400 million compatriots. With regard to social problems, it is imperative to study new laws so that people will have the right over land ownership and the rich will not become richer to cause an unequal society. Such happiness has never been dreamed of by those under the rule of the Tartar nationality. Even the people in Europe and America are not able to completely enjoy such happiness." The members of the Tong Meng Hui who took part in leading the uprisings brought the thinking of Dr Sun Yat-sen into their own organizations to add more splendor to the uprisings.

In order to explain the historical position of the 1911 revolution, it is necessary to understand the relationship between the revolution and peasant revolution and the relationship between bourgeois revolutionaries and bourgeois reformists.

During the long feudal era in China, there were repeated peasant uprisings and wars. The peasants were not able to eliminate the feudal system and replace it with a more advanced social system, but they were the main and--in fact the only--revolutionary force in feudal society. When China entered modern times with semicolonial and semifeudal society, it was also mainly peasants who first launched revolutionary struggles. The Taiping Heavenly Kingdom and Yihetuan movement represented the peasants' strongest force against feudalism and imperialism.

The revolutionary ideal and program of the bourgeois revolutionaries and their organizations showed the influence of the Western bourgeoisie. All these never existed in China before but they were in line with the needs of the development of Chinese society. We must also understand that the bourgeois revolutionaries inherited the tradition of the Chinese peasant revolution in many respects.

Tong Meng Hui, a revolutionary organization formed in 1905, and other revolutionary organizations that were formed earlier, all started with the idea of launching armed uprisings and they began to contact itinerant organizations. No democratic political movement was allowed under the rule of feudal autocracy and, therefore, since the revolutionaries wanted to wage revolution, they could not but accept the influence of the tradition of the peasant revolution. For example, when a revolutionary organization called Hua Xing Hui, headed by Huang Xing, was formed in Hunan Province in 1903, Huang Xing said that a Chinese revolution could not follow the "French revolution that was launched in Paris and the English revolution [as published] that was launched in London" because they all started in the capital cities. He said: "Our revolution must start from occupying a province and must then spread to other provinces." Huang Xing and his colleagues soon cooperated with the Ge Lao Hui in Hunan and planned an uprising.

Dr Sun Yat-sen and other bourgeois and petit bourgeois revolutionaries paid very much attention to the history in the struggles of the Taiping Heavenly Kingdom, felt deep sorrow for the failure of this organization and acknowledged that they themselves were the successors to the Taiping Heavenly Kingdom. Although revolutionaries in general denied the Yihetuan, there were people who praised the spirit of the struggle of this organization. Chen Tienhua criticized the Yihetuan as having blind faith in evil practice and indiscriminately opposing foreigners and "therefore it caused a disastrous scourge." Yet he held that "Yihetuan cherishes a good intention." Accordingly, he suggested changing the phrase "barbarously anti-foreigner" to "opposing foreigners in civilized way." ("Quickly Repent" and "Alarm Bell" by Chen Tienhua) The revolutionaries held that in order to launch a revolution it was imperative to mobilize the strength of the "low-stratum society" and to educate and promote such a society through the "medium-stratum society" in order to avoid following the same old disastrous road of the failure of peasant wars in history. It cannot be considered wrong that the bourgeois revolutionaries tried to lead the masses of peasants in their bid to put the spontaneous peasant struggles onto the road of the bourgeois democratic revolution; the question is why they failed to truly display such a leading role.

Leaders of peasant revolution such as Hong Xiuquan and Feng Yunshan lived among peasants and struggled side by side with them when they were waging revolution. But the bourgeois and petit bourgeois revolutionaries did not have direct relations with the broad masses of peasants and therefore they could only try to contact leaders of itinerant organizations in their attempt to mobilize the strength of the "low-stratum society" through such leaders. Some of the itinerant organizations that were mainly composed of wanderers were revolutionary, but they were easy to sway and their organizations were too loose. It was beyond the reach of the bourgeois revolutionaries to reform such organizations according to bourgeois revolution and to widely mobilize the broad masses of peasants as the Taiping Heavenly Kingdom did.

Although the bourgeois revolutionaries had these weaknesses, it must be acknowledged that the bourgeois revolution inherited the tradition of peasant revolution characterized by the struggles against imperialism and feudalism and armed struggles and raised such struggles to the level of conscious bourgeois democratic struggles.

Let us talk some more about the relations between the revolutionaries and the reformists.

Bourgeois reformists emerged earlier than revolutionaries. The reformists were the earliest to introduce the political ideology of the democracy of the Western bourgeoisie to China. The bureaucrat who advocated Westernization came to the fore earlier than the reformists, and accepted foreign rifles, guns and machinery but refused to adopt the bourgeois political system and social ideology. They defended the feudal system and in fact they were satisfied in maintaining the semicolonialist position. The reform and modernization movement in 1898 was the climax of the political movement waged by the reformists. Although this movement failed, it inspired intellectuals, businessmen, bourgeois landlords and gentry to love and save their country and to seek knowledge, and such a situation was in fact a preparation for the bourgeois revolutionary movement. The reformists still maintained very great influence in society in the several years following the reform and modernization movement. In particular, Liang Qichao indulged himself by publishing magazines and writing articles in the common language to introduce Western bourgeois ideology and the theory of social politics, praise the bourgeois national movements in Western countries and historical figures of revolutionary movements and advocated various social ideologies and morality, and all these things deeply influenced young people. Through his efforts, many people leaned toward the revolution which was then rising.

Many revolutionaries originally had reformist ideas (it has been mentioned above that a number of reformists turned to revolution through lessons in practice). The revolution headed by Dr Sun Yat-sen tried to cooperate with Kang Youwei and Liang Qichao who were living in exile but failed, and the two factions at last split. It was a natural result in the development of social political situations that the ideology of the bourgeois revolutionaries replaced that of the reformists to become the leading ideology among advanced intellectuals.

The reason for the split between the reformists and revolutionaries was that the former opposed the overthrow of the Qing government through revolution and they opposed the revolution, because basically they were afraid that the revolution would give rise to the strength of the lower levels of society. During the reform and modernization movement, the reformists declared that they opposed peasant revolution. They were particularly dissatisfied with the principle of people's livelihood put forth by Dr Sun Yat-sen. Liang Qichao said: "I know that if the principle of people's livelihood is implemented, the members of parliament will all be the poor and illiterate." "It is a way to seek sympathy from the lower levels of society and make use of and incite gamblers, ruffians, robbers, thieves, beggars, hooligans and prisoners for fear that the red eyebrows movement and yellow scarves movement will not spread...." ("On Civilized Autocracy") The main social foundation at home for reformists included high-level bourgeoisie and bourgeois landlords and gentry that had deep relations with feudal landlords. The attack waged by Liang Qichao against the principle of people's livelihood represented the will of part of these people.

Following the Nanchang revolution in 1911, the leaders of the reformists or constitutionalists in various provinces at once changed their attitude and joined the revolution. They did so not because they really stood for the revolution, but

because they feared it. They understood that under the attack of the revolution, the Qing dynasty would inevitably collapse. Therefore, in order to put the revolution to an end as soon as possible and prevent it from really becoming uncontrollable because of the participation of the masses from the lower levels, they consequently joined the revolution. But we cannot say it is wrong for the revolutionaries to agree to cooperate with the reformists and other old forces. The question is that the revolutionaries did not really mobilize the broad masses of the people and as a result they found themselves in a weak position. It was also impossible for them to uphold this revolutionary stand in their cooperation in an unreliable alliance and maintain their leading position. It is because of these weak points that the revolution ended by coming to terms with Yuan Shikai, who was representing all old forces and who was backed by imperialism.

What conclusion can be arrived at from the above?

First, a number of Western "China" scholars have always held that the 1911 revolution did not reflect the demands of the Chinese people and that it was in fact brought about by some intellectuals who had intoxicated themselves with Western civilization and imposed upon China the democratic republic that was out of tune with the Chinese society. Such a view is completely wrong. The anti-imperialist and antifeudal slogan advocated by the 1911 revolution was the demand of the Chinese people. Such a demand had a certain relation to the revolutionary movements waged by peasants while the slogan of a democratic republic won wide support from the masses. And all these things served to refute the above view. According to such a view, it seemed that the theory of the autocratic constitution put forth by reformists was suitable for China. But the reformists failed, their leading position was taken over by the revolutionaries and following the 1911 revolution they were becoming politically degenerate. All this showed that it was groundless to praise the reformists and belittle the revolutionaries.

Second, over the past few years there existed a view which held that the current of progress in modern Chinese history prior to the May 4th movement started from the "Westernization movement" (referring to feudal bureaucrats who were running industry) and went up to the reform and modernization movement and then to the 1911 revolution. This view neglected the role played by peasants in modern Chinese history. Facts proved that even though the bourgeois revolutionaries developed from bourgeois reformists, they differed with the reformists and they accepted the tradition of the peasant revolution. Putting aside their reactionary political nature, the advocates of the Westernization movement actually blocked the development of national capital. The feudal bureaucrat who ran Westernization industries were not the predecessors of the reform and modernization movement and revolutionary movements that played their role in the development of history.

Following the 1911 revolution, Dr Sun Yat-sen and his comrades continued their struggles under difficult conditions to find a way out and finally they saw a new revolutionary light from the Russian October Socialist Revolution and found a new road for the Chinese revolution in their cooperation with the Chinese Communist Party.

Generally speaking, the revolutionary struggles fought by semicolonial and semi-feudal China for independence, democracy and progress was carried out in three stages. The first stage was the revolution with peasants as the main force; the second stage was the revolution led by the bourgeoisie and petit bourgeoisie and the third stage was the revolution led by the Chinese Communist Party after the proletariat entered the historical arena. History cannot be studied in a vacuum. The antifeudal and anti-imperialist struggles waged by peasants without the leadership of an advanced class was spontaneous, low in standard and even backward. Judging from this stage, it can be seen that these struggles were aimless and had an ineffective destructive force. But without such a stage, the revolution would not be able to develop to the revolution that was led by bourgeoisie and petit bourgeoisie. Although the 1911 revolution was able to overthrow the emperor, it did not change the position of China as a semicolonial and semifeudal country; nor was it able to turn China into an independent and free country and realize modernization. Judging from this stage, we would feel that the bourgeois revolution brought no results. But without this stage, the revolution would not be able to develop into the people's revolution under the leadership of the proletariat.

The new democratic revolution won a great victory in 1949 under the leadership of the Chinese Communist Party. This is the victory of the revolution under the leadership of the proletariat and which was based on the alliance of workers and peasants and which united the national bourgeoisie and all patriots in their fight against imperialism, feudalism and bureaucrat capitalism. It is not only the victory of the war of liberation and people's revolution under the leadership of the Chinese Communist Party for 28 years, but also the victory of the revolutionary struggles that were constantly waged and improved by the Chinese people in the 100 years after 1840, and these struggles included the 1911 revolution.

CSO: 4004/5

HEIGHTEN OUR SPIRIT, GRASP ECONOMIC WORK WELL

Beijing RED FLAG in Chinese No 19, 1 Oct 81 pp 13-16

[Article by Commentator]

[Text] Good results have been achieved in economic work this year. Grain output rose this summer. Production in the light and textile industries continues to increase rapidly. The market is thriving and prices are basically stable. What is less ideal is that the increase in industrial production was slow in the first half of the year and the economic return was inadequate. Industrial production rose in August and the total output value increased by 1.8 percent over that of July and by 2.2 percent over that of the corresponding period of last year. Profits turned over to the state rose by 2.1 percent and profits of local industry rose by 4.2 percent. But there are only 3 months left in the year. The task of fulfilling the industrial production plans for the whole year is still very arduous and we should make greater efforts in this respect.

There were many reasons why the increase in industrial production in the first half of the year was so slow. But the main reason was that some cadres and especially some leading cadres regarded difficulties too seriously. They did not exert themselves and lacked the spirit of advancing with irresistible force, of being enthusiastic, and of daring to take responsibilities and blazing new trails. Their spirit must be changed. Leading comrades at all levels should exert themselves, have a good grasp of their work and attach great importance to efficiency.

During the readjustment, in order to suit capital construction to national strength and to change the irrational proportional relations among agriculture, light industry and heavy industry, it is absolutely necessary to reduce the investment in capital construction, to close, suspend, merge or shift some enterprises which are short of raw materials, have unmarketable products and which have high consumption and low efficiency and to slow the development of some heavy industrial projects. In addition, we should do our best to maintain the development of industry at an appropriate speed. To think that lower indices are better and slower speed is better because we have criticized impractical high indices and speed, is to misunderstand the readjustment principle.

With respect to the question of the speed in developing the economy, we are of the opinion that we should advance in an orderly way and at a "normal temperature." We must not run "cold" one moment and "hot" the next. We must not set indices

which are beyond our capacity even if we make great efforts. Impractical high indices have inflicted great losses on the national economy. From now on we must stop setting impractical high indices. But it is not good not to fulfill the indices which are within our reach and to just be satisfied with low indices and low speed. During the readjustment of the national economy, if we do not maintain an appropriate speed of growth, this will be detrimental to meeting the daily increasing needs of the whole society, to continuously changing the financial status and to improving the management of enterprises. It will also be detrimental to accumulating strength for the future development of the national economy. Our general requirements are: we must not only exert ourselves, but also be practical and realistic. Neither of these two elements can be dispensed with.

Besides energetically maintaining the development of light industry, we must pay special attention to the correct handling of the capital construction projects which have been stopped and of the enterprises which have been closed, suspended, merged or shifted and do our best to rationally use their production capacity. We must further readjust the service orientation and product structure of the machine building and metallurgical industries, so that they will serve the needs of rural areas, the needs of light industry and the needs of export, and to enable them to shoulder the task of effecting a technological restructuring of the whole national economy. The party Central Committee recently called for technological restructuring of existing enterprises and for equipment renewal. This is a very important decision of strategic significance. In this way, we can change the stagnation in heavy industrial production, especially in the production of the machine building industry, and maintain a constant growth of light industry. We can also change the situation in which equipment is outmoded and techniques are backward in most of our country's enterprises. We should accumulate strength for the large-scale development of the economy in the future. In addition, we should also increase our investment, carry out some capital construction projects, mainly in the energy industry such as coal, petroleum and power stations, and carry out communications and transportation projects in order to change the backward status of the energy industry and of communications and transportation undertakings.

Funds are needed for technologically restructuring and renewing equipment in existing enterprises and for developing energy and communications undertakings. Where will the funds come from? This mainly relies on tapping the potential of enterprises and on increasing the economic return. It is true that there are various difficulties in China's industry, but its potential is very large. We must tap this potential by every means of expand reproduction by "intension." In many industrial enterprises, consumption is high and waste is astonishing. According to statistics for 1980, the consumption indices of products in 56 percent of the key industrial enterprises throughout the country were not up to the best standards of history. With regard to how funds were used, we know that in 1980, the profit realized for every 100 yuan of output value in state-run industrial enterprises under the state budget was 16.7 yuan, 11.4 yuan less than in 1955; the circulating fund for every 100 yuan was 31.2 yuan, 9.9 yuan more than in 1955. Viewed from the technological levels of products, the operational quality of the industrial products of our country are bad and their renewal and replacement are very slow. According to a preliminary analysis, of the present 20,000 kinds of mechanical and electrical products, those similar to the level of the 1970's constitute less than 5 percent, those similar to the level of the

1960's constitute more than 30 percent, and more than 60 percent is similar to the level of the 1940's or 1950's. This shows that there is still great potential for increasing economic results and that there are bright prospects.

Increasing economic results is an important method for increasing revenue and funds. For several years in the future, energy production, communications and transportation, and the production of some important raw materials will be limited, so the speed of industrial growth cannot be high. We must take the road of obtaining a better economic return and higher national income at an appropriately low speed. Viewed from the great potential that enterprises have, this road is completely feasible. The proportionate relationship between the rate of growth in industry and the increase in revenue is: with every 1 percent increase in industrial output value, there is a 1 billion yuan increase in revenue. If the industrial output value increases by 4 to 5 percent a year, there will only be an increase of 4 to 5 billion yuan in revenue. But if we pay sufficient attention to economic results, there will be a greater increase in revenue. Therefore, we must increase production and increase economic results simultaneously and lay stress on tapping the potential so as to increase economic results. We must try to obtain funds by improving enterprise management level, tapping potential, and carrying out innovations and reforms. We must also try to obtain funds by comprehensively using our resources. This is an important method for opening all avenues for financial resources.

In order to increase the economic results, it is necessary to rely on the masses and bring into play the initiative, sense of responsibility and creative spirit of staff and workers and of technicians. However, the egalitarianism of "eating out of one big pot" in our present system and the departmental system have prevented this initiative from being brought into play. If this situation is not changed, it will be difficult for us to advance.

If we want to free the initiative of staff and workers from the distribution form of egalitarianism, we must implement the economic responsibility system in industry and combine this system with the economic interests of the enterprises and of staff and workers. The various economic responsibility systems recently implemented in industry have led to remarkable results. This must be continued with a firm attitude, stable steps and in various forms. We must timely sum up our experience so as to perfect our measures. At present, we must pay attention to the following: We must hold on to the system of even, advanced quotas; we must maintain product quality; and we must not raise production costs. We should also prevent some enterprises from arranging their production solely on the basis of profit, as this will divorce the state plans from the needs of the market. We must understand that no matter how good a system is, defects will occur and targets will not be fulfilled if we do not seriously analyze specific situations, consider concrete conditions and foresee new problems that might emerge, or if we do not have a set of practical methods. We have had so many lessons in this respect that we must never forget them when implementing economic responsibility systems.

Departmental separation and regional separation have seriously hindered the organic relationship of economic activities throughout the country and the development of specialization and coordination. Many valuable resources cannot

be comprehensively utilized. In addition, this fosters the bureaucratic style of work and decentralism, so that conditions at the basic level might not be known by the higher authorities, and important decisions made by the higher authorities might not be implemented. There are endless squabbles and disputes over trifles between the basic level and the higher authorities. This is one of the important reasons why the economic result of our country's industrial production is low. For many years we have suffered because of endless disputes over trifles. We must be determined to restructure malpractices that do not conform to the large-scale production of socialization and that cannot suit the development of the commodity economy. In this respect, we have done something beneficial and have made a useful attempt and accumulated preliminary experience in reorganizing industry and combining enterprises. By starting with key cities and industrial bases, we have broken through the demarcation lines between regions and departments; by concentrating on various products, we have begun to energetically carry out reorganization and integration in industry and to explore an economic management system suited to our national conditions. But there are many obstacles and difficulties. Our comrades must attach great importance to the overall situation of the four modernizations and to the overall situation of developing the Chinese nation vigorously, free themselves from the conventions of departmental separation and regional separation, and take the road of large-scale socialized production. In this way, we will certainly be able to improve our country's economic results and utilize our resources more rationally.

There are many similarities as well as dissimilarities between the readjustment we are now carrying out and the readjustment we carried out in 1962. The situation in agriculture now is better than it was in 1962. Since the readjustment and implementation of the party's policies in the rural areas, the great majority of the peasants have enough food and their income has increased. They can provide more grain and raw materials for the development of industry, and they also demand from industry more means of production and consumer goods in the rural areas. The actual strength of industry is more solid than it was in 1962, and internally there is more room for maneuver. Although the state has a financial deficit, the localities and enterprises have money and the people have money. This makes it possible to concentrate scattered funds by means of bank credits for the necessary construction undertakings. Besides, we have changed our economic foreign policy that "closed the country to the outside world," so that foreign investments can be utilized and some of our products can enter the international market. In addition, over the past 2 years, we have achieved a preliminary success in readjustment and reform. Therefore, the internal part of industry is beginning to develop in a rational and coordinated direction. A certain success has been achieved in the trial-point expansion of enterprise autonomy and in industrial reorganization and integration. According to the principle of less closing and suspending but more merging and shifting, we have changed the enterprises that have large consumption and waste but low economic results. Under the guidance of state planning, we have readjusted the market and invigorated production and the market. All these are advantageous factors for promoting the economy's rate of growth and improving the economic return. We must not only see our difficulties and forget our favorable conditions.

We must work hard to advance the national economy. Everyone, from the party Central Committee to the localities, and from the cadres and technicians to

workers, must go all out and work hard. We must keep trying and not relax. Leaders at all levels must have the courage to shoulder responsibility and be responsible. They must have the courage to grasp political and ideological work and to develop healthy trends and take strong measures against unhealthy ones. They must set a good example, lead the masses in overcoming difficulties and grasp economic work well. We must lose no time in readjusting the leading groups that lack ability and are lazy and undisciplined.

Political work is the lifeblood of all economic work. We must intensify political and ideological education for staff and workers. We must propagate the superiority of socialism and the great ideals of communism. We must propagate with perfect assurance education on communist morals, on socialist spiritual civilization, and on discipline and law, and raise the political and ideological consciousness of staff and workers. We must not repeat the mistake of ignoring the material interests of enterprises and individuals. We must combine spiritual encouragement with material encouragement, adopt various forms, and commend those who have created new work quotas and made outstanding contributions in technical innovations and scientific research, and those who dare to fight against the habit of harming the public to benefit oneself, against the evil tendency of carrying out speculation and profiteering, and against illegal activities. We must protect and foster advanced and model persons, and resolutely change the abnormal phenomena in some factories and enterprises in which advanced persons are isolated. Without large numbers of pioneers and men of action and without large numbers of persons who are utterly devoted to others without a thought for themselves, and who fear neither hardship nor death, it will be impossible to realize the four modernizations. We must also be good at regularly using the Marxist ideological weapon of criticism and self-criticism to cleanse us. Comrade Mao Zedong said: "Our duties are to be responsible to the people. Every word, every action and every policy must conform to the interests of the people. If we make mistakes, we must correct them. This is being responsible to the people." To do economic work well, we must first raise our sense of responsibility. How can Communist Party members and the proletariat not have a sense of responsibility toward the socialist cause? Everyone in enterprises, from factory head to engineer and worker, must have a sense of responsibility toward their work. They must take pride in fulfilling or overfulfilling their tasks and in performing their duties. We must combine a high sense of responsibility with a stringent responsibility system.

Comrade Mao Zedong was right in saying that we must rely on the working class heart and soul. We must not underestimate the consciousness of China's working class. So long as cadres at all levels set a good example, our party is sure that it can lead the working class in carrying on the socialist cause well. The important problem now is for our party to intensify its ideological work. Especially when implementing the economic responsibility system, ideological work must be able to keep abreast. Everyone must be made to understand how to be concerned for the state, to have the sense of responsibility of being the master of the country, and to combine well the interests of the state, the enterprise and the individuals. The superiority of our socialist system lies in the fact that the masses of people are the masters of the country, the society and the enterprises. In an enterprise, workers must really be able to take part in management and allocation and in policy making; they must really be able to carry out the principle of "from each according to his ability, to each according to his work";

they must really be able to become a contingent of staff and workers who are advanced in ideology, skillful and strictly disciplined. In this way, our party's ideological work can easily lead to results.

Going deep into the thick of life to do real work and breaking with old conventions to traverse a new road are a good method for buoying spirits and improving work style. To arouse our enthusiasm to a pitch and to combine high revolutionary enthusiasm with a strictly scientific approach, we must go among the masses and absorb strength, and we must go to factories, the countryside, shops and the production front and carry out investigations and studies. If we are not clear about a situation, it will be hard for us to make a decision, and if we force ourselves to make a decision anyway, we will mess things up by giving wrong orders. Men's correct ideas stem only from practice. If you do not go out of Beijing for investigations and studies, good ideas will not come to you by themselves. Comrade Mao Zedong said that having the power of initiative is like sweeping down irresistibly from a commanding height. It comes from seeking truth from facts, from the real reflection of objective facts in people's minds, that is, the process of understanding the objective world in a dialectical way. By going deep into the thick of life and carrying out investigations and studies, we will be able to stand higher and see farther, take the initiative in developing things and find solutions to our problems.

Conditions continually change. New conditions and new problems emerge one after another. It will not do to look at our problems with old conventions. We must adapt ourselves to new conditions, study new problems and explore new paths. In agriculture, if we had not broken with old conventions and taken the new path of various responsibility systems, how could we enjoy such an excellent situation as we enjoy today? In economic reform, if we still get bogged down in the question of division of power between the party Central Committee and the localities, instead of focusing our attention on enlarging the enterprise autonomy, on combining power, responsibility and profit, and on developing specialization and cooperation, we will not be able to obtain new successes. There are no prospects in handling new problems with old methods. We must encourage the people to create new things, to compete on the great road of socialist construction and to constantly establish new records. Taking a road which has never been traversed by our predecessors entails certain risks, but it is for the needs of the people and the demand of our times. So long as it is beneficial to the people, to socialist construction, to the state, the collective and the individual, we must go full steam ahead and spare no effort.

In short, we must exert ourselves and be practical and realistic. We must concentrate our main efforts on studying situations, making decisions and taking measures. We must go deep into the thick of life and do a solid job instead of indulging in empty talk. In this way, we can certainly fulfill this year's plans for the national economy and obtain a practical and comparatively fast speed in developing industry and agriculture. We must strive to build our country into a modern, strong socialist country with ample democracy and a high degree of civilization.

THE AGRICULTURAL RESPONSIBILITY SYSTEM AND THE REFORM OF THE RURAL ECONOMIC SYSTEM

Beijing RED FLAG in Chinese No 19, 1 Oct 81 pp 17-25

[Article by Dun Runsheng [2629 3387 3932]]

[Text]

I

Over the past 2 years, the various rural policies worked out since the 3d Plenary Session of the 11th CCP Central Committee have been carried out throughout the country. The current rural situation is developing better than expected. Wherever there is no exceptionally serious famine owing to crop failure, production has developed and there are not only increases in grain output but also an all-round development in agriculture, forestry, animal husbandry, sideline occupations and fishery. Not only has the collective economy developed, but the household economy has been revived and developed as well. Changes have taken place in regions which have economic difficulties. For instance, improvements have been made in the life of the peasants of Dingxi Prefecture in Gansu Province, of the Yunnan-Guizhou plateau, of the Huangfan areas of Shandong and Henan Provinces, and of the Heilonggang area of Hebei Province. Some regions no longer depend on grain resold to them by the state after they introduced the system of fixing output quotas for each individual household.

What merits attention is that the implementation of document No 75 of the CCP Central Committee and the introduction of agricultural production responsibility systems is gradually becoming an all-round reform of the rural economic system. It mainly aims at establishing the decisionmaking power of the collective economy and giving consideration to the material interests of the peasants so as to arouse the enthusiasm of the peasants for production. This reform is just a beginning. It will deepen and spread. At present, first of all it is necessary to grasp well the work to perfect the production responsibility systems and at the same time to begin to solve the problems of exchange between the urban and rural areas and the relations between agriculture and commerce, that is, the circulation links of farm products, and then to go on solving the problems of the whole rural economic structure and the perfection of its superstructure.

The establishment of sound production responsibility systems has helped enhance the enthusiasm of the peasants and their concern for production. The peasants say that things have changed a lot today: We are now tilling the land for ourselves. This remark has a profound meaning. In Baoding I was told that an old man had planted 1 mu to sweet potatoes. Lacking six sweet potato seedlings, he

traveled for scores of li just to obtain the seedlings. With the favorable turn in the economic situation, the relations between the party and the masses and the relations between industry and agriculture have improved.

There are differences in people's understanding of these changes. What are these differences? They lie in treating the system of fixing output quotas for individual households and the system of peasant households assuming full responsibility for task completion. Some comrades say that the present agricultural situation is really fine, but are we not paying too high a price by practicing the system of fixing output quotas for individual households and the system of peasant households assuming full responsibility for task completion? Are we not moving back to the small peasant economy in exchange for the development of production? Some comrades feel particularly anxious about the situation at the sight of the spreading tendency and some negative phenomena of the system of peasant households assuming full responsibility for task completion. These matters should be thrashed out ideologically and theoretically. I will now present you comrades with some problems that I came across as reference for further study.

II

Let us review the historical experience. Our party put forward the general line for the transitional period in 1952, thereby beginning the socialist transformation of agriculture. At present, we have to reconsider the question of whether, with such a vast territory, only a single economic form can be practiced throughout the country. What are the advantages and disadvantages of this economic form as it has developed to this day? Is there any necessity to reform it? How do we carry out reforms, if any? These are the rudimentary ideas for our proposing production responsibility systems. Today some comrades worry that by introducing the system of fixing output quotas for individual households, we will slip back into the old rut of the small peasant economy. This worry is understandable and it is good for people to put it on the table. The system of fixing output quotas for individual households and the system of peasant households assuming full responsibility for task completion will be unable to completely avoid spontaneity and it is bound to cause us some problems. But the more important and also the primary consideration is whether it is necessary to reform the existing economic form. This is a prerequisite. Since we have already affirmed that reforms should be carried out, then we must not maintain that it is best to do things in old ways instead of carrying out reforms when some problems crop up in the reforms. Reforms involve various aspects, including the establishment of production responsibility system, but this system is neither confined to nor equals the implementation of the system of fixing output quotas for individual households. The general aim is to chart a relatively perfect socialist economic form and an economic management system that suit China's rural areas through exploration in various fields.

Marx and Engels did not go into much detail about the rural socialist economic form. What they predicted was the situation after the relations of production had been highly developed. They said that in underdeveloped countries it was possible to lead small farmers to socialism without entering the stage of capitalist society by adopting the method of cooperation but not the method of expropriation. What was meant by the certain conditions at that time refers

internally to a certain base of industrialization of a country and externally to the support rendered by developed socialist countries. The historical development is that no socialist revolution has ever broken out in economically developed countries, but only in such economically backward countries as first Russia, next the East European countries and then China. The Soviet Union made progress in practicing socialism through exploration. At first it practiced military communism for a period of time and put the system of collecting surplus grain and the system of unified distribution into effect. Later Lenin pointed out that we should not look forward to a direct transition to communism and should base ourselves on the peasants' concern for their personal interests. At that time some people said that allowing the peasants to concern themselves with personal interests would mean restoring the system of private ownership. Rebutting that argument, Lenin said that we had never intended to abolish the system of private ownership of consumer goods and tools by the peasants, that we had abolished the system of private ownership of land, that we formerly thought that we could carry out production and distribution by means of communist orders, but that we should change this practice now, that we had once intended to adopt the so-called method of launching a frontal attack to solve this task, but in vain, and that we had to adopt an outflanking method. After that a new economic policy was carried out. Later Lenin again pointed out that to solve the problem of peasants making the transition to socialism, we should adopt a cooperative system. What was meant by his cooperative system was a cooperative system similar to that of supply and marketing cooperatives. He said: "Under the system of public ownership of the means of production and in the situation whereby the proletariat has won victory over the bourgeoisie as a class, the system of the civilized cooperative workers must be the socialist system." ("Collected Works of Lenin," Vol 33, p 426) From 1925 on, there was a great debate inside the Communist Party of the Soviet Union, resulting in the confirmation and adoption of the policy of collective farms proposed by Stalin, a policy of basing agriculture on the collective economy. After that, model regulations for collective farms were promulgated and they were put into effect throughout the country as a single model.

The advantages and disadvantages of Soviet collective farms remain to be further studied, but it must be affirmed that this system displayed a certain strength. It ensured industrialization. If it had not been for this industrialization, it would have been very difficult for the Soviet Union to deal with the attacks launched by Hitler. However, its drawback was also striking in terms of poor economic returns. Some East European countries which indiscriminately copied the Soviet Union's model of agricultural collectivization are now carrying out reforms in this respect. Yugoslavia, which abandoned the model after a certain period of practice, has taken another road to establish an agricultural cooperative economy. It seems that the principle of organizing the peasants into a cooperative economy is of universal significance, but one should not indiscriminately borrow and mechanically copy in a simplified way steps, measures and forms in organizing the cooperative economy. We can now draw this conclusion.

Although China's advanced agricultural producers' cooperatives in the 1950's were basically similar to Soviet-type collective farms, they were realized by adopting the measures of gradual transition proposed by Comrade Mao Zedong. We advanced from mutual aid teams to elementary cooperatives. These two organizations did not

touch the system of private ownership by the peasants, and the peasants were integrated on the basis of the system of private ownership, and then made the transition to advanced cooperatives. The original time schedule for this transition was 15 to 20 years. This was a fairly good tentative plan. But it took only 3 years to complete the whole transition and furthermore a single model was practiced throughout the country. The advanced cooperatives which were established just for a year and were unable to be consolidated were advanced to the people's communes, thus leading to the emergence of the "communist wind." The CCP Central Committee and Comrade Mao Zedong firmly led the peasants in moving back to the system of three-level ownership with the production team as the basic accounting unit. At that time in the system of three-level ownership, the ownership by the communes and production brigades was nominal and that of the production teams was real.

In reviewing the 30 years of experience, people will see the following facts:

First, viewed from the overall situation, it is correct and successful for China to take the socialist road in agriculture, to exercise public ownership of the land and to carry out cooperative production. We must never doubt and waver in this respect. We have basically solved the problem of feeding a population of nearly 1 billion people, have ensured the necessity of industrialization and, what is more important, we have avoided the annexation of land that had been going on for several thousands of years and have eliminated the system of exploitation. These points alone are enough to prove that the road we are taking is correct.

Second, today over one-third of the collective economy is run fairly well, and the average per capita income of the peasants (including income from household sideline production) is over 120 yuan on average. What is the idea behind this? According to calculations, in the light of China's present price level, by and large it will require every peasant to make an average of 120 yuan annually for the peasants to maintain the reproduction of the labor forces. The income of some regions has surpassed 120 yuan, some reaching 400 to 500 yuan and even 1,000 yuan. The annual income of commune members of the Liuzhuang production brigade of Qiliying in Henan Province from collective production was 470 yuan, with 10 items free of charge such as melons and popsicles and movie tickets, totaling 67 yuan for every person; along with the subsidy of 50 yuan for every person, every peasant really had a total of 587 yuan. They pay no house rent. Every commune member on average has a large room with a tile roof and every family has a spacious courtyard. Some families have household appliances like television sets and electric fans. Regions such as these have generally realized intensive farming: more investment, more income. They already have farm machinery, chemical fertilizers, agricultural chemicals and water conservancy facilities. Collective fixed assets, such as agricultural large-scale advanced machinery and facilities, throughout the country have reached 10 billion yuan, of which the greater part is concentrated in prosperous teams which have a high income. Apart from engaging in agriculture, these communes, brigades and teams run sideline occupations and industry. Thus, a new structure of comprehensive management has been taking shape gradually, and it has the ability to continuously expand reproduction. They have become guides in marching toward the modernization of agriculture. The results of this collective economy cannot be replaced by those of the individual economy.

These regions have comparatively good leading bodies and a number of qualified personnel who are good at running the collective economy. These are the conditions for ensuring greater consolidation of the collective economy.

Third, about a third of our teams are poorer than the above-mentioned teams. They can catch up with them provided they are managed well. These teams are underdeveloped in the diversified economy, but they have a certain amount of fixed assets, modern farm machinery, conditions for irrigation and some industrial goods, which are their material foundation for the modernization of agriculture.

Fourth, about a third of our teams have an average income of below 60 yuan per person, not enough to make up the labor consumption of the commune members. How do they get along? They depend on supplementary income from their household sideline production, on governmental relief and subsidies, and on economizing on food and clothing. That is to say, these regions have been freed from exploitation but not from poverty. These teams have made insufficient investment in the land, the fertility of which is declining. They cultivate the land almost in a predatory way, thus leading to the deterioration of the ecological environment. The motivation to develop production of the small private owners has been lost, while the superiority of the collective economy has not been brought into play. No improvement has been made in the productive forces. Thus the teams have become the "three-dependent teams," that is, they depend on grain resold to them by the state, loans for production and relief in the form of subsidies. With little income and grain, they have to practice egalitarian distribution. Everybody has to muddle along with work points since egalitarianism and "eating out of one big pot" are practiced, and it is the same whether one works hard or not and whether one does one's job well or not. The more they muddle along the poorer they become, the poorer they become the more they practice egalitarianism, the more they do so the poorer they become, thus landing themselves in a vicious circle. Besides, although their income is small, they have to bear various burdens. Their accounts are not in order and there is waste in expenditures. All this adds to the poverty. This indicates that the superiority of the collective has not been brought into play.

Fifth, even in those regions in which the collective economy is advanced and agricultural output is high, the economic return is still poor. Take Jiangsu Province for example. The profit rate on every 1 yuan (the return on an investment of 1 yuan) was 3.37 yuan in 1957, 3.08 yuan in 1965, 2.72 yuan in 1971 and 2.32 yuan in 1980. In 1980 there was a decrease of 31.2 percent as compared with that of 1957. An increase in investment but a relative decrease in return means an increase in production but not in income. Commune members in these regions have a bigger income than those in other regions. What do they depend on to make up for this gap? They depend mainly on the diversified economy and the enterprises run by their communes and brigades, and on the latter in particular. There is a saying spreading among the peasants: "If you want to be rich, go in for agriculture, industry and sideline occupations; if you want to be comparatively well-off, go in for agriculture, industry and commerce." The poor economic return in agricultural production demands that we make a serious study. China has 200 million horsepower or more of farm machinery and a labor force of 300 million. But the improvement of labor productivity is not commensurate with the input of labor. This also shows that the economic return is very poor.

Sixth, over the past few years, the peasants have cultivated their private plots well with high and quick economic returns. According to an investigation, the average per mu income of some private plots is 1,000 to 1,500 yuan and the cost is no more than 20 percent, resulting in low cost and high income. There are six harvests annually on some private plots in Guangdong Province. This economic return there is many times higher than that of farmland cultivated by the collective. Some localities in the southern part of the country have given each peasant a private plot of 2 mu. One peasant dug a pond on his plot to breed fish and managed to earn more than 1,000 yuan from it. This enlightens us: Can we arouse the peasants to concern themselves with collective production as much as they concern themselves with the management of their private plots? Of course, this does not mean that we must take the investment and yield of private plots as targets for all cultivated farmland. This would not be realistic. But it is feasible to ask peasants to be as enthusiastic in collective production as they are in the management of private plots. The on-going system of assigning responsibility by linking remuneration to output can accomplish this to a certain extent.

Since the introduction of the system of assigning responsibility by linking remuneration to output, the peasants have shown great enthusiasm for collective production. They say: "The policies of the CCP Central Committee have linked our hearts closely together." In Henan Province, I saw such a case. Where wheat yield was the same, in regions where the system of assigning responsibility by linking remuneration to output was followed, provided the people were careful enough, they could obtain an additional 40 jin of wheat just from the process of gathering and threshing wheat--an additional 20 jin from gathering wheat and 20 jin from threshing wheat on the threshing ground.

From the above-mentioned facts, it can be seen that our collective economy is basically successful but that there are also drawbacks in it. The reason is that we were not good at regulating the interests of the collective and those of the individual and dared not affirm the interests of the individual in the collective economy. Lenin once said: "It is imperative to establish all major departments of the national economy out of concern for the interests of the individual." ("Collected Works of Lenin," Vol 33, p 51) We studied this quotation of Lenin's many times in the past, but we simply did not understand it and did not implement it systematically, that is, we did not discover the management form that suits our rural collective economy. This gave people a false impression of the so-called "alienation" of the means of production. The alienation brought about by capitalism is that the products of labor by the laborers have become the antitheses that control and oppress them. There is no exploitation in our public ownership system. The means of production are the property of the working people and intrinsically are not antitheses. But if the democratic rights of laborers are not sufficiently guaranteed, and especially when they cannot exercise the power of control over the means of production and the products of their labor, people will think that the production is not for themselves. Therefore, it is necessary to study the management form of how the laborers can control the means of production and the results of labor under the prerequisite of upholding the collective economy. Naturally, we must not, on whatever pretext, revert to the system of private ownership.

III

In solving the problems of the rural collective economy, first of all it is necessary to proceed from the actual conditions of agriculture and particularly from the actual conditions of China's agriculture.

Agriculture is different from industry and especially from modern industry. Different production procedures and working procedures of modern industry can be carried out in different regions and even in different countries. The working procedures and product quality of thousands upon thousands of laborers can be controlled and basically guaranteed. But the objects of agricultural production are living animals and plants. They are influenced by many changing factors. There is no fixed combination of such factors as weather, seeds and soil. In timely understanding and grasping the monthly, daily and even hourly changes in these factors and regulating them so as to develop in a direction favorable for agricultural production, we must depend on men, on the laborers themselves, rather than any other force. This shows that agricultural production in particular cannot deviate from the great concern of the laborers for production. On a certain piece of farmland, it makes a world of difference whether one is concerned with it or not and whether one levels it again or not. Things have greatly changed since the peasants were held responsible for the land under a contract. In Yunnan Province, the peasants turned the soil over in rows to fully sun the earth, crushed and watered the upturned and sunned earth, and then transplanted rice seedlings in it. Paddy fields cultivated in this way are indeed of high quality. In Beijing, in the past a large amount of wheat would rot every year, but this year the wheat hardly suffered any losses. Apart from the fact that sunny days were fairly frequent during the wheat-harvesting period, this was the result of letting the production groups manage the wheat under a contract. If we say that the industrial enterprises need to establish responsibility systems, then agriculture needs more badly to establish a responsibility system that suits the characteristics of agricultural production and can arouse the working individuals' great concern for production.

Another difference between industry and agriculture is that goods can be produced in many processes in industry; they are called intermediate products for assembly. The daily amount of labor of a person can be measured by the quantity and quality of the products he produces. There is no assembling of parts in agriculture. Work time is not commensurate with production time. All labor, including plowing, applying fertilizers and weeding, is a fluid process. The embodiment of labor is the end product. Therefore, measuring the results of labor depends on the final yields. In considering how much they can earn from their labor, the peasants must also depend on the distribution of the end products (output value). If you give certain workpoints to a peasant, he will still feel anxious, anxious to know the cash value of a workpoint. The implementation of the system of assigning responsibility by linking remuneration to output enables the peasants to directly perceive through their senses and have a true understanding of the relationship between labor and remuneration. Having a fair idea of the relationship between labor and remuneration, the peasants will be full of drive in their work.

China's agriculture has its own characteristics. Ours is a country with a huge population but little arable land. In order to meet the demand for food, it is necessary to maintain the continuous growth of land productivity. Therefore, we must depend on deep plowing and careful cultivation to a great extent, and deep plowing and careful cultivation depends on the initiative of the laborers. Up to now, over vast areas, China's agriculture is still in the stage of a self-supporting or semiself-supporting economy in which most agricultural work is done by hand and the level of specialized production and socialized labor is low. If it were not for the necessity of utilizing new technology and natural forces, we would put the original one-household family economy into a community. Then a situation would emerge in which no one would be responsible for collective work and there would be great difficulties in measuring labor and calculating remuneration. If collective labor is regarded as doing work in a centralized way at any time and in everything, and the method of "doing things in a massive and unplanned way" is practiced, this will cause holdups in the work through poor management and also waste. In addition, it is not economical to put the united family efforts, at the stage of the individual economy and the use of small-scale farm implements, into the process of production. A production scale depends on conditions. A big production scale is better than a small one. This is a common principle but it is not absolute. It is better for us to be more practical and first to make the scope of operations smaller and to more closely link the right to use the land—that important means of production—with the laborers than "to pitch a tent to wait for machinery that has not come for over 10 years," as the peasants say. By so doing, it will be easier for us to implement the principle of distribution according to labor, to arouse each peasant's enthusiasm and initiative, and to fully make use of their rich experience in small-scale management. In the past, the system of fixed targets for output quotas, workdays and costs, with a portion of the extra output as a reward, was practiced with notable results. We have now taken a step further by implementing the system of assigning responsibility by linking remuneration with output, and have achieved even better results. Under this system, the means of production is still owned by the collective but part of the right to use and manage it is given to individuals. In the past the personal interests of the peasants were embodied in the total income of the collective, but now, in addition to that, a small portion of the income is put aside to be used as a form of personal income that embodies personal interests. This personal income is closely linked with the quality of one's labor. The peasants are organized according to their economic interests. The relations between the peasants and the collective have become contractual relations--contractual relations with the economy as the substance--and not the past relations of administrative orders. In the past some comrades advocated the system of assigning responsibility by linking remuneration with output, called "responsibility for fields," but instead of being encouraged, they were criticized. From then on the efforts of the vast numbers of cadres to explore forms of the agricultural economic structure were frustrated. Arbitrary uniformity became the traditional practice. The existing model was regarded as the only socialist one, and others were regarded as heterodoxical. Our thinking was really too ossified at that time. What was the rural socialist economic form? There was only one model, namely, the three-level ownership with the production team as the basic accounting unit. Anyone who tried to alter it even a bit ran the risk of being charged with changing the socialist orientation. This practice dealt blows to cadres who dared to explore reforms and indirectly abolished the rights of peasants to choose other forms of integration.

People readily put political labels on peasants and called such ideas the capitalist spontaneity of small producers, resulting in confusion in both theory and understanding. The equal relations embodied in the principle of distribution according to labor, that is, the so-called "bourgeois rights" were regarded as a ground for breeding capitalism; the principle of distribution according to labor was regarded as putting workpoints in command and the disparity of income brought about by the principle of distribution according to labor as polarization, and so forth. When people were afraid to act in accordance with the principle of distribution according to labor and were afraid of polarization, they restricted incomes. For this reason, the diversified economy and household sideline production were cut off as "capitalist tails," resulting in the unitary economy. As a result, the decrease in income restricted expanded reproduction in agriculture and caused commodity production to sag. This situation was not changed until the 3d Plenary Session of the 11th CCP Central Committee. From then on, we began to take another look at and restudy the characteristics of agriculture and particularly those of China's agriculture, to emancipate the mind, to seek truth from facts and to explore a new road for reforms.

IV

Marxist principles tell us that only after the productive forces contained in the old relations of production are fully developed, will the old relations of production die out. Similarly, new relations of production cannot be established or even be consolidated until productive forces develop to a certain level. Then, how will China establish the new socialist relations of production when there are no mature capitalist productive forces in China and the productive forces are backward? How will these contradictions be resolved? At present, we have only one answer to this question: In the light of China's conditions, we can advance to socialism without going through the capitalist stage. Polarization is necessary and unavoidable. However, we have to undergo and cannot leap over the process of the development of the productive forces. After agrarian reform, we advanced in good time the socialist transformation of agriculture and at the same time formulated state industrialization to carry out technological transformation in agriculture step by step. It is beyond doubt that what we have taken is a scientific socialist road. Ours is a country with a vast territory and uneven economic development, so it is impossible to provide agriculture with the new discoveries of industrial technology and with the improvements in agricultural productive forces in the near future and the corresponding period. Therefore, socialism should be established through a series of intermediate links, step by step. This is the scientific road to socialism. Therefore, to suit the regional differences of China's economic development, it is necessary in different regions to separately choose concrete forms of production relations which suit current productive forces. This is a task that we must deal with consistently and earnestly. It will hinder the development of the productive forces if we pursue the method of "the bigger the collective unit and the higher the level of public ownership, the better" by deviating from the level of development of the productive forces. There is a national minority in Yunnan, in which the primitive communes have not been dissolved and private ownership has not come into being. Every year the headmen led the clansmen in slash-and-burn cultivation. A group of people worked together and divided what they earned. In the early stage of liberation, we decided to distribute land among the masses and let them practice

individual farming for some years and carry out mutual aid and cooperation among them. But very quickly they entered the stages of the cooperative and the commune. It seemed that this change was a bit too fast but they managed. Why? The reason is that they were used to working together and having unified distribution. In organizing the cooperatives and communes, they only replaced the headmen with the production team leaders, and everything else remained the same. This natural economy still prevails in the region. I visited them and found that, apart from such commodities as a cauldron and a knife, the wooden ladles, bamboo water buckets and cloth were all made by themselves. There were no commodities, and exchange was very underdeveloped as they regarded exchanging commodities as losing face. They remained at the stage in which the community was beginning to break up. Our method was precisely to prolong the process of disintegration of the natural economy. They continued slash-and-burn cultivation without interruption. This shows us that the improvement of the productive forces will be held up unless there is a corresponding adjustment in the relations of production, and that only when we improve productive forces and develop commodity production can we build socialism. Although the level of development of the greater part of the country is higher than it is in this region, we have not got rid of the semi-natural or natural economy. Therefore, in similar regions, we must adjust the relations of production which are not suited to the level of the productive forces and adapt them to suit the development of the productive forces so as to develop the productive forces to a new level and transform a natural economy into a commodity economy, simple reproduction into expanded reproduction, extensive cultivation into intensive cultivation and intensive farming, and to promote specialized production and socialized labor. Only in this way can the new socialist relations of production reach maturity and perfection; otherwise, a situation will surely emerge in which the relations of production are not commensurate with the productive forces. One cannot bear to wear tight shoes and one cannot walk in loose shoes. The readjustment is predicated on the collective economy, on the affirmation and development of personal interests; on the basis of developed personal interests, it will strengthen the collective, thus enabling the collective and the individual to have independent interests and to become the bearers of commodity exchange and to become motivated to push economic development forward through continuous economic incentives. We must take the development of the commodity economy as a target for us in consolidating and developing the agricultural cooperative economy. Viewing the country as a whole, the commodity economy is very underdeveloped. The proportion of pure commodity grain is only about 15 percent and that of other farm products is also on the low side. With the development of industry and cities, the volume of market demand is increasing day by day and the demands for farm products are also increasingly pressing. Agricultural production has been stimulated by the expanded market demands, and there should have been a great development in the volume of commodities, but this development was held up for various reasons. We are now resolved to promote its fresh development. Only with the full development of the commodity economy, can we develop and flesh out the socialist relations of production.

In proceeding from today's reality, the road of readjustment and reform we are seeking must not only be different from "the bigger the collective unit and the higher the level of public ownership, the better" and "making the transition through poverty," but also be different from replacing the cooperatives with new ones.

In line with the spirit of Document No 75 of the CCP Central Committee, in economically developed regions, the system of assigning responsibility by linking remuneration with output, as the system of fixing output quotas for a special line of production under a contract and going in for mass production, a diversified economy and preliminary specialization, should be encouraged. Some people go in for pig raising, some for fish breeding, and some for vegetable growing; some people run transport services or work in the building industry, processing industry and service trades; some plant industrial crops of one kind or another; and some plant grain crops or breed domestic animals. Under a powerful unified management, the system of fixing output quotas for a special line of production under a contract can fix output quotas for each group, each household or each able-bodied laborer. The principle of more pay for more output and less pay for less output should be introduced. Remuneration should be linked to output.

In regions which have economic difficulties and where commodity production is sparse and the natural economy holds a dominant position, we should be bold enough to implement the system of fixing output quotas for individual households for land. Under the unified administration of production teams, peasant households will be responsible for the farmland, output and costs under a contract. The output quotas within the fixed targets under the separate management by peasant households are to be put under unified distribution and those in excess of the targets will go to individual contractors. Some regions can introduce the system of peasant households assuming full responsibility for task completion, that is, a system of separate management by the peasant households under the unified administration of the production teams. Farmland is assigned to a peasant under a contract and, after handing over various social deductions as taxes, accumulation funds and public welfare funds, the surplus yield is turned over to him. This method gives him greater decisionmaking power and independent management power, and is different from ordinary responsibility systems. According to my figures for some regions, those regions which introduced the system of fixing output quotas for individual households and the system of peasant households assuming full responsibility for task completion on average increased output by 30 percent, and some even by 100 or 200 percent. The annual average per capita income increased from 40 yuan to more than 100 yuan.

The production teams intermediate between the above-mentioned cases practiced the system of assigning responsibility by linking remuneration with output under the unified administration of the production team. Differing from the system of peasant households assuming full responsibility for task completion, this responsibility system upholds the unified administration of the production team and brings a certain proportion of its income from industrial and household sideline production into line with unified distribution. The farmland contractors must be able-bodied commune members and the contracts are not to be made in accordance with the number of family members. Besides, other choices by the masses must not be ruled out. For instance, in a production team after discussion, if some commune member households adhere to the system of peasant households assuming full responsibility for task completion and the others uphold the system of unified administration under the production team with remuneration according to fixed production quotas, instead of forcing one side to accept the other's choice, we must let some people practice the system of peasant households assuming full responsibility for task completion and the others practice the existing form. This, after all, is

the only way to proceed. This is because what we mean by the responsibility system today has surpassed the original meaning and it involves a change in the forms of management. This is a profound change. In regions in an intermediate state, things are more complicated. Therefore, reforms of a production team must be treated with great care. If people have divergent opinions on and do not have an accurate idea of the system, it is better not to act recklessly. It is first necessary to conduct investigations and study, repeatedly consult the masses, carry out experiments and then decide on a choice. It is unwise to call cautious action the fettering of the mind. Emancipation of the mind cannot deviate from seeking truth from facts. We must not bring pressure to bear on people who dare to do things in a practical way.

In a word, we must adopt the principle of diversity and oppose the method of finding a single solution to diverse problems. To perfect the collective economy, it is necessary to adopt various measures. Twenty-eight years have elapsed since we carried out agricultural collectivization. The state and the peasants have expended a considerable amount of funds and labor to establish the collective economy and have accumulated some useful experiences over the past 28 years. We must not underrate these achievements. Through the perfection of the existing system, a number of units that have run the collective economy well are in a position to solve the problem of correctly integrating personal interests and collective interests so as to further perfect the collective economy. This is a way out, and we must affirm it. We must not think that China's existing economic forms should be completely replaced with the system of peasant households assuming full responsibility for task completion. We advocate reaching the same goal by different routes. In the past we confined ourselves to one way only and harmed ourselves by imposing uniformity. Today we must not think that doing things that way is correct. We must attain a relatively perfect economic integration through various forms and ways. This integration must have both the superiority of unified management and the initiative of the individual, and practice unified leadership as well as invest laborers with full power to manage and control the results of labor. In this way we can solve the problem of motivation in the rural economy. This motivation can be sustained for a long time and will grow bigger and bigger.

V

With regard to the system of peasant households assuming full responsibility for task completion, some people say it is fine, some say it is bad, some say it is dangerous and some say it is terrible. What is the actual state of affairs? This has a bearing on how to appraise the question of the tendencies of peasants in the stage of socialist construction. This question has yet to be clarified.

Today China's peasants are not as they were before liberation. They are not the peasants of the 1950's either, but the peasants of the 1980's. Is there any centrifugal tendency to break away from the collective economy among peasants who demand the system of peasant households assuming full responsibility for task completion? It is hard to say that there is none at all. Now that the enthusiasm for individual production has been aroused, there will exist a centrifugal force to break away from the collective. But what the overwhelming majority of peasants want to get rid of is not the socialist road but the unbearable and longstanding

unsolved phenomena such as egalitarianism, arbitrary uniformity, excessive burdens, administrative orders that lack democracy and arbitrary decisions by a handful of people. The system of peasant households assuming full responsibility for task completion can help free the peasants from these things, and so it was welcomed by the masses. It is only natural that the peasants have a private-ownership mentality. This mentality cannot be overcome in a short period of time. The peasants should be won over through prolonged historical changes. Today's system of peasant households assuming full responsibility for task completion is quite different from the individual economy after the agrarian reform. Owing to changes in the situation and conditions, objectively there are now more binding factors to ensure that the development of the system does not become divorced from the socialist road. These conditions, first of all, are party leadership and the state power of the people's democratic dictatorship. They constitute a force leading the peasants onto the socialist road. This leading force has a material foundation. The question of who triumphed over whom throughout the country was solved in the 1950's and, as a class, the bourgeoisie has ceased to exist. Our industry is socialist in nature, and so are our commerce and credit tools--banks. The socialist rural economy (including state farms) has occupied a dominant position. Large amounts of water conservancy facilities and large-scale farm machinery are in the hands of the state or the collective. They are public property that cannot be transferred or dispersed. In particular, the law stipulates that free transactions and transfer of land are prohibited. Thus, the centralization of land brought about by land transactions and transfer and the consequent polarization are restricted. In regard to this point, some comrades hold that land owned by the collective is a fact but that this ownership must not remain a legal concept; it must be manifested in the use of land and distribution of income. If the right to use the land, and the right of distribution on which the former relies for existence, revert to the individual, then is there not just the legal concept left? Theoretically speaking, will capitalism not emerge just as it did after the nationalization of land? This view contains some truth. But in our country, the law stipulates that land transactions and transfers are prohibited, so the state and the collective can adopt powerful administrative and economic measures to ensure the enforcement of this law, thus restricting the possibility for the peasants who assume full responsibility for task completion to become small landowners. Their use of land and distribution of products can be effectively controlled. In our country, public ownership of land does not exist in isolation. We must not deviate from the principal part of the economy in understanding its meaning. More often than not, this is neglected. In the former individual economy, the buying and selling of land was permissible, resulting in land annexation. Today there is no such condition. Therefore, there are differences between today's system of fixing output quotas for individual households and the system of peasant households assuming full responsibility for task completion and the small private economy before liberation and that after the agrarian reform as well as that before the cooperative transformation. No equal sign should be drawn between them. Being restricted, the system of fixing output quotas for individual households and the system of peasant households assuming full responsibility for task completion cannot become polarization and deviate from the socialist road. They remain the components of the socialist rural structure.

Then where will the system of fixing output quotas for individual households and the system of peasant households assuming full responsibility develop? It seems

that after having enough to eat and wear, the peasants demand that the economy be further developed and that there be more chemical fertilizers, agricultural chemicals, machinery and water conservancy facilities. Thus they encounter the contradictions between the lack of funds and management by separate peasant households and expanded reproduction. The only way out is to integrate the scattered individual funds and labor forces. This tendency has revealed itself. There has emerged much elementary cooperation and integration among the peasants of Anhui, Henan and Shandong Provinces. They have helped one another in farming and jointly bought the means of production, but they did so more and earlier in jointly developing sideline production. This is just a trend. The time has not come for further integration on a larger scale. Further integration will be realized when the conditions for specialized production and socialized labor are ripe in the development of the commodity economy. At that time, not only will the integration of land emerge but also the integration of various specialized production and services will emerge simultaneously or go a step further. For instance, the integration of the production of fruit, mulberries and tobacco, the integration of pig raising and chicken raising, unified solutions for technological problems, the problems of supply and marketing and the problems of daily services will surely emerge. This will become an integration of agriculture, industry and commerce and an integration encompassing whole areas. In short, with the improvement of the productive forces and the development of the commodity economy, and the importation of and increase in new technology and equipment, the small production under the system of peasant households assuming full responsibility for task completion will change into integrated mass production. This change depends on certain material conditions and it cannot be accomplished at will. Of course, the future integration might not entirely follow our past "three-level transition," advancing from the production teams as the basic accounting unit to the production brigades as the basic accounting unit, from the production brigades as the basic accounting unit to the communes as the basic accounting unit, and from the ownership by the communes to ownership by the whole people. In fact, this past assumption must undoubtedly be rectified in the light of practice.

Everything develops and changes amid contradictions. We must apply the method of "one divides into two" to the system of fixing output quotas for individual households and the system of peasant households assuming full responsibility for task completion. We must see both their positive side and their negative side. They can develop production, but when production develops to a certain extent, it will be restricted by decentralized management. They will bring us some new problems in the development of production. All forms of the production responsibility system must undergo a process of being instituted, improved and perfected. The system of peasant households assuming full responsibility for task completion is also undergoing a process of being continuously amplified, advanced and perfected. Therefore, there is still much work to be done. In the initial stage, owing to a lack of propaganda and discussion work, some of the masses misunderstood the responsibility system as a system advocating only "division." Some existing public accumulation and equipment was divided equally and even the public trees were cut down to be divided. These erroneous practices were the results of the abandonment of leadership. They must be resolutely corrected and not be allowed to spread unchecked. In the course of development, some peasants have become rich and some households which are full of drive have earned a lot of money, while households enjoying the five guarantees, including widowers, widows,

orphans and the childless who are short of labor power, have improved slowly. The economic return improved but support for these people was ignored. It is wrong to regard the common prosperity as becoming prosperous in one step, but this does not mean that we must no longer adhere to the principle of common prosperity. Failure to arrange well the rural surplus labor power and funds will cause them to be unused and wasted. In addition, attention should be paid to the solution of the problem of how to put land distribution and the river system under unified administration so as to make management easier. With the changes in labor power and population and the emergence of the division of work and trades, the demands for the centralized management of land and the readjustment of land will come to the fore. The contradictions between decentralized and centralized management over the rational use of water conservancy, breeding technology and plant protection technology should be resolved. The problems of how to further carry out farmland capital construction, how to maintain the ecological balance, and how industry and commerce should adapt themselves to the new situation should also be solved one by one. These things show that, like other responsibility systems, there are also the problems of how to integrate better microeconomic results with macroeconomic results, the interests of the individual with those of the collective, and how to organically integrate the immediate interests of the peasants with the long-term interests of the state. Some problems are just in the bud; provided we strengthen our leadership, we can effectively nip them. Many localities have given us good experience. But, on the contrary, a laissez-faire attitude of the leadership will bring negative results to the reforms. After affirming and giving consideration to personal interests, we must stress the principle of taking account of the state, the collective and the individual. We must live up to our words: "Hand over in full the fixed amount of output originally agreed upon to the state and the collective." According to the several decades' experience in dealing with the peasants, we have come to realize that the peasants have always taken the interests of the whole into account. At present, from the angle of development, some problems can be solved easily provided the whole party pays prompt attention to unifying the thinking of the cadres.

The question is: How to pay attention to it? Must we adopt the past methods and again exercise rigid control? Certainly not. Instead of taking the previous road, we must pay attention to the adoption of economic measures supplemented by legal means. We must solve the problems of the economic cooperation between the collective and the individual, and between their rights and obligations, through a contractual system. We must use the method of taxation to regulate the economy, adopt the system of welfare funds, carry out the old-age pension system to ensure the life of martyrs' and army men's families, households enjoying the five guarantees and households with economic difficulties. It will not do to just adopt the method of prohibiting this or that.

However, we must show no weakness toward such questions as the protection of public property. We must teach the peasant masses to thoroughly understand that the aim of the system of fixing output quotas for individual households is to develop production, boost income and strengthen the collective economy. Thus, we must use our resources and wealth even more sparingly. Existing public property cannot be dispersed. The motor-pumped wells should be operated and tractors be used as usual, and in particular the trees and water conservancy

facilities, which are of vital interest, should be protected well. The peasants should be taught to offer just the right and necessary amount of public accumulation in order to promote the filling out and development of the collective economy. Every peasant, be he a peasant who assumes full responsibility for task completion or an individual peasant, must provide a certain amount of compulsory service, such as in afforestation and in some necessary public projects. The government should enact laws for these matters. So long as we are resolved to uphold the collective economy, we must enhance our material strength. Our country is carrying out a modernization program on the basis of self-reliance, and therefore, the peasants should make greater contributions to it. The increase in income relies mainly on the improvement of labor productivity rather than reducing the amount of contributions to the country. Judging from various conditions, instead of abandoning leadership over the collective economy, the production team must attach particular importance to the reinforcement of unified leadership and political and ideological work. It is entirely wrong to wrangle with the masses, to slide away by a roundabout route, or to take a laissez-faire attitude.

Under the correct leadership of the CCP Central Committee, we must arouse ourselves, use our brains and do our work in a down-to-earth manner. At present, we must go all out to grasp well the reform of the rural economic structure which was started by the agricultural production responsibility systems, further do away with the influence of various "leftist" policies, pave the way for an all-round development of the agricultural economy in the future and strive to realize an "affluent" society by the end of this century. The development of the system of fixing output quotas for individual households is a signal: the peasants who represent the social productive forces have made known their wishes for reforms. This is a social trend that brooks no violation. We must make the best use of the situation to bring their wishes for reforms onto a healthy course of development. We must not let controversy over the system of fixing output quotas for individual households restrict our understanding so that we fail to see the creativity and the spirit of initiative of the masses germinated by their demands for reforms and the vast vistas opening up therefrom.

(This article is a report given by the author to the Central Party School. Revisions were made before publication.)

CSO: 4004/5

IS OPPOSITION TO BOURGEOIS LIBERALIZATION INCOMPATIBLE WITH THE GUIDELINES OF THE
3D PLENARY SESSION OF THE 11TH CCP CENTRAL COMMITTEE?

Beijing RED FLAG in Chinese No 19, 1 Oct 81 pp 26-28

[Article by Commentator]

[Text] Since the party Central Committee suggested that we should uphold the four basic principles and oppose bourgeois liberalization, and in particular, since the national conference on the questions on the ideological front was held in August this year, some people have raised the following question: Is opposition to bourgeois liberalization incompatible with the guidelines of the third plenary session? This is really a very important question which must be discussed and clarified.

Here, the first question is: How should we interpret the spirit of the third plenary session? People often link up emancipation of the mind with the third plenary session. This is certainly correct. The third plenary session firmly criticized the erroneous principle of the "two whatevers," fully affirmed and highly appraised the discussions on the criterion of truth and formulated the guiding principle of "emancipate the mind, use the brain, seek truth from facts, and be united and look forward." However, the third plenary session also pointed out that all comrades in the party and all people throughout China should emancipate their minds under the guidance of Marxism-Leninism-Mao Zedong Thought. That is to say, we put forth and we stress the emancipation of the mind because we want the whole party and the whole Chinese people to be free from the shackles of the personality cult and leftist ideology, to turn chaos in all areas into order, to strengthen and improve party leadership, to consolidate the dictatorship of the proletariat and to make concerted efforts to build socialist modernization. Just as Comrade Deng Xiaoping pointed out in his speech at the meeting on principles or ideological guidelines governing theoretical work: All the principles and policies formulated at the third plenary session have upheld the four basic principles. The third plenary session stressed the rectification of leftist errors and opposed the ossification of the mind due to leftist influence. This was completely necessary and correct. However, at the same time, some comrades also pointed out the erroneous tendency of liberalization which began to emerge. This was also necessary because the ideological trend which played up extreme democracy, absolute freedom, departure from party leadership and departure from the socialist road ran counter to the spirit of the third plenary session. It is necessary to oppose the tendency of deviating from the

four basic principles, no matter whether it comes from the "two whatevers" or from bourgeois liberalization.

Since the third plenary session, we have held discussions on the criterion of truth, criticized the "two whatevers" and turned chaos in all areas into order. In the view of the handful of people who openly declared that they doubted or opposed the four basic principles, and the people inside the party who interpreted the emancipation of the mind in a one-sided way, who failed to notice or recognize the harm of this erroneous ideological trend, who even directly or indirectly sympathized with or supported these views, the party Central Committee promptly reiterated the four basic principles of upholding the socialist road, upholding the people's democratic dictatorship, that is, the dictatorship of the proletariat, upholding the party's leadership and upholding Marxism-Leninism-Mao Zedong Thought. This is necessary in implementing the spirit of the third plenary session. The party's fourth and fifth plenary sessions, and even the sixth plenary session held recently, have all upheld this spirit.

At present, we must continue to uphold this spirit, overcome all erroneous tendencies on the ideological front and unfold struggles on two fronts. We should continue to eliminate the leftist influence in various areas of practical work. We should, in particular, carry out strict and correct criticism and necessary and proper struggle against the ideological trend which tends to deviate from the socialist road, break away from party leadership and engage in bourgeois liberalization.

People indulging in liberalization often use "emancipation of the mind" as an excuse. When we put forth opposition to liberalization, they will immediately say: "Opposition to liberalization will hinder the emancipation of the mind." This is one of the main points of their argument.

What do we mean by the emancipation of the mind? It means doing away with the backward and decadent traditional concepts which exist in our minds and which hinder the progress of history; it also means criticizing and replacing these traditional concepts with advanced thinking which reflects the demands of the times. The criticism of religion and theology in the Middle Ages by the enlightened thinkers of the European bourgeoisie; the attack on Confucian ideas, which was a concentrated reflection of feudal traditional concepts, during China's "May 4th" period; and the criticism of dogmatism during the Yanan rectification period were all examples of emancipation of the mind. The main objective of the current thoroughgoing movement to emancipate the mind is to do away with the shackles of the leftist concepts, persist in seeking truth from facts, bring people's thinking into line with dialectical materialism so that people will consciously advance along the socialist track under the party's leadership. All interpretations which deviate from this principle are wrong.

The current tendency of liberalization is entirely different in nature from the emancipation of the mind. Moreover, judging from the actual situation over the previous years, this tendency is a negation of emancipation of the mind. Since the third plenary session, under the guidance of the principle of emancipating the mind, using the brain, seeking truth from facts and being united and looking forward, large numbers of party members and the broad masses of people have done

away with the leftist ideological shackles, and they have given fuller and fuller play to their enthusiasm and creativity. The situation has been excellent. However, in this course, some negative factors have also emerged. Some people depart from the four basic principles when they talk about the emancipation of the mind. They have even engaged in spontaneity and the worship of liberalization. They oppose the "two whatevers," but they lack a critical Marxist spirit. They often study problems from the viewpoint of bourgeois democracy or democratic individualism. According to them, emancipation of the mind means that everyone can say and do whatever they like in a free and unrestricted way, and that they can also reject party leadership and deviate from the socialist track. This, in essence, is bourgeois "liberalization of the personality" and "absolute freedom." As a result, they will invariably be sharply antagonistic to the four basic principles which our party has consistently adhered to, and will deviate from the principle of seeking truth from facts. Of course, we cannot deny that there are still leftist things in our ranks. However, people with the tendency of liberalization are usually unable to draw a clear line of demarcation between leftist pernicious influence and Marxism. They uphold liberalization. Thus, it is natural that they regard some Marxist principles as leftist things and oppose the correct criticism of liberalization as an obstacle to emancipation of the mind.

This shows that the current tendency of liberalization is a negation of the principle of the emancipation of the mind formulated at the third plenary session and is not compatible with this principle. If we say it was necessary for the third plenary session to put forth emancipation of the mind, turning chaos into order and criticism of leftist errors, then, it is now necessary for us to continue to oppose leftism in practical work and stress opposition to liberalization. At present and in the future, we must continue to emphasize emancipation of the mind and seeking truth from facts so that our subjective world will be in line with the objective world. On the whole, it is obviously wrong to say that we have done enough, or more than enough, in the emancipation of the mind. However, on the other hand, if we do not firmly oppose the tendency of liberalization, our thinking will be confused in another way and will be enslaved and restricted by bourgeois ideology.

"Opposition to liberalization will cause a relapse into the 'two whatevers.'" This is another view held by a number of people.

The "two whatevers" was an erroneous ideological system and principle which arose under specific historical conditions. It safeguarded the leftist errors during and prior to the "Great Cultural Revolution." It was always diametrically antagonistic to the principle of seeking truth from facts which our party has consistently advocated. Over the past 2 years, we have been able to gradually turn chaos into order through the continuous struggle against the "two whatevers." While opposing the "two whatevers," we intend to negate the leftist errors which should be negated, to distinguish right from wrong and to assess merits and faults in a realistic way. We do not intend to doubt everything or negate everything. Comrades with the tendency of liberalization have deviated from the principle of seeking truth from facts. Apparently, they are also opposing the "two whatevers." But they proceed from an erroneous standpoint and adopt an entirely different approach with the "two whatevers"; they start from affirming everything and end up in negating everything. They do not adopt a scientific

approach in making appraisals and summing up historical experiences but they try to look for loopholes in Mao Zedong's works and wantonly deny the party's successful historical experience. Under certain circumstances, they even oppose the upholding of Marxism-Leninism-Mao Zedong Thought as the upholding of the "two whatevers." Their standpoint, viewpoints and methods are entirely different from the current ones adopted during the struggle against the "two whatevers." We must draw a clear line of demarcation.

At present, the pernicious influence of the "two whatevers" has not been completely eliminated. It coexists with the ideological trend of liberalization and they have become two extremes on the current ideological trend. Apparently, these two extremes are diametrically opposite to each other and reject each other. In fact, both sides are trying to create evidence for their own existence by using the existence of the other side as an excuse. People with the tendency of "two whatevers" often attribute some expressions of the tendency of liberalization and the emergence of liberalization to the emancipation of the mind and the turning of chaos into order. They say that we should not have opposed leftism. On the other hand, people with the tendency of liberalization often call attention to some expressions of the continued existence of the "two whatevers" and attribute the ideology of the "two whatevers" to the upholding of the four basic principles. They say we should neither have upheld the four basic principles while putting forth the emancipation of the mind, nor have opposed liberalization in the course of opposing leftism. Thus, we must persist in opposing both the above-mentioned tendencies. Only when we unswervingly oppose the "two whatevers" can we more effectively oppose liberalization. At the same time, only when we firmly oppose liberalization can we more effectively oppose the "two whatevers."

"Criticizing liberalization is wielding a big stick." This is another view held by some people.

The phenomenon of wielding a big stick often occurs in our ranks. The practice of exaggerated criticism, wanton criticism and struggle which prevailed during the "Great Cultural Revolution" are typical examples of wielding a big stick. Up to now, we still cannot say that its pernicious influence has been completely eliminated. However, while rectifying and preventing this tendency, we must not neglect another tendency, the tendency of abandoning all ideological struggles, which is a consequence of the "Great Cultural Revolution." Some viewpoints on this question should also be clarified.

First of all, on the overall estimate of the ideological front, some comrades admit that there is leftism, but do not admit that there is liberalization. Second, they call attention to some cases handled in an oversimplified and crude way in real life and exaggerate them. They think that the major problem in the leadership of the ideological front is handling cases in an oversimplified and crude way rather than the state of weakness and laxness. Third, on the basis of the above two estimates, they do not agree to wage struggles on two fronts. They consider it necessary to criticize leftism, but they resent, resist and oppose the strict and correct criticism and necessary and proper struggle against the tendency of liberalization. According to them, all these necessary criticisms and struggles are reactions of the "two whatevers." They constitute leftist practices, an oversimplified and crude approach, wanton interference, wielding a

big stick and putting on labels. They reckon they are always right. They refuse to carry out self-criticism even if they have obviously made mistakes. They do not accept people's criticism and even regard themselves as objects of attack and persecution. This is very harmful to the individual and the party's cause. These comrades have always opposed the upholding of the four basic principles as leftist things. On the other hand, they have always praised some bourgeois things as proletarian principles. They regard themselves as pioneers of the emancipation of the mind even though they are consciously or subconsciously advocating liberalization.

In short, the problem is very obvious. While opposing the leftist tendency, we have to oppose liberalization. This is an objective demand of the present situation. Opposing liberalization does not run counter to the spirit of the third plenary session. It helps us to distinguish right from wrong and our cause to advance along the Marxist track. The viewpoint that opposes the criticism of liberalization under the pretext of the spirit of the third plenary session is untenable.

In his article entitled "Party Organization and Party Literature," Lenin severely criticized the viewpoint that "everyone is free to write and say whatever he likes, without any restrictions." He sternly pointed out that party literature should become a "cog and a screw" of the party's cause, should adhere to the party spirit and be subject to the "party's supervision." He also pointed out that if the party turns a blind eye to the development of this tendency of liberalization and does not adopt measures to stop it, then, "the party would inevitably break up, first ideologically and then physically." ("Selected Works of Lenin," Vol 1, pp 647, 649) Today, as a member of the CCP, particularly as a party member on the ideological front, we must keep Lenin's teachings in mind. Moreover, we should always remember that in the first place, we are party members, then, we are experts in one field or another. Since we are party members in the first place, we must first of all have the party spirit, we must observe party discipline, consciously follow the guidance of Marxism and unswervingly uphold the four basic principles.

The national forum on the problems of the ideological front held recently was a very important meeting. In accordance with the spirit of this forum, we must seriously carry out criticism and self-criticism, overcome all erroneous tendencies, and particularly liberalization and the weak and lax leadership on the ideological front, in order to make contributions to implementing the spirit of the sixth plenary session and to developing the excellent situation since the third plenary session.

CSO: 4004/5

FILMS SHOULD CONTRIBUTE TOWARD DEVELOPING A SOCIALIST SPIRITUAL CIVILIZATION

Beijing RED FLAG in Chinese No 19, 1 Oct 81 pp 29-33

[Article by Chen Bo [7115 2330]]

[Text] The "Resolution on Certain Questions in the History of Our Party Since the Founding of the PRC" passed at the 6th Plenary Session of the 11th CCP Central Committee is of great historical significance. It puts forward the historical task of building China step by step into a powerful socialist country with a high level of democracy and culture. As the film industry has the closest ties with the masses and the greatest influence among the masses, it has the unshirkable duty of developing a high level of socialist spiritual civilization.

I

Since the smashing of the "gang of four" and particularly since the 3d Plenary Session of the 11th CCP Central Committee, the film industry has scored outstanding achievements in emancipating minds, bringing order out of chaos and implementing the policy of "letting a hundred flowers blossom and a hundred schools of thought contend" and ushered in the radiant and enchanting spring. Its outstanding manifestation in film literature and art and in creative thinking is in getting rid of the fetters of leftist ideas and returning to the path of Marxist-Leninist artistic theory and Mao Zedong Thought; in restoring and promoting the spirit of revolutionary realism and carrying forward and developing the fine tradition of portraying the images of revolutionary heroes on China's socialist screens. Consequently, it has made many new breakthroughs in creative practice. This could never have happened even in the 17 years before the "Great Cultural Revolution." With the precedent of the images of Chairman Mao and Premier Zhou appearing in "Fast Flowing Big River," films such as "From Slave to General," "Ji Hongchang," "Mayor Chen Yi," "Dawn" and "Nanchang Uprising," which portray the revolutionary activities of the older generation of proletarian revolutionaries, have been made one after another. These works have accumulated very valuable experience for the continued writing on such subjects in the future. Some of these films have portrayed and exposed mistakes in work, particularly those leftist mistakes which are harmful to the revolution, and some have seriously criticized the unhealthy tendencies in the party and among the people. The purpose of this is to safeguard the correct line of the party and help the people to correctly understand history and various aspects of life. Such films as "The Rainy Nights of Bashan" have even attacked and castigated the Lin Biao and Jiang

Qing counterrevolutionary cliques and played the role of arousing the revolutionary indignation of the people.

As in the case of the discoveries and developments which have appeared in the field of subject matter, stimulating explorations and new ideas have also appeared in such aspects as the format, style and language of films. We not only have the epic sort of biographies, but also some comedy-type feature films, musical feature films, travel feature films and adventure films. In artistic style, some have experimented with film narrative poems and film prose poems. For example, the new work "Little Flower" by a group of new people has used a new film language together with the new composition of montages to enrich the expressiveness of the visual and audio images of the film. This has enabled the film to make new explorations into the expression of the inner world in depth.

At the same time, a number of lively and moving images of new socialist people have also appeared on the screen. They are followed by films reflecting episodes in the four modernizations. The images of new people in such films as "Younger Generation," "Look at This Family," "Two Men and Two Women," "Sweet Enterprise," "Happy Occasion," and "Laughter of Yueliangwan" are typical examples of the new socialist people extracted from actual life. They glow with communist ideals and have good and simple characters as well as lofty moral value. They are precisely the kind of people we must vigorously eulogize during the socialist modernization of today.

II

Although enormous achievements have been scored on the motion picture front, there are still many problems. To make an accurate appraisal of the overall situation, we must still realistically make a scientific analysis of the problems arising in creative practice.

On the one hand, we must see that there is still a certain market for the pernicious influence of leftist ideas, which is hindering our advance and remains to be further eliminated. For example, if we do not adopt the method of democratic discussion and do not carefully carry out ideological work but adopt simple administrative measures to deal with certain undesirable tendencies which have appeared in some films, it will have an adverse effect on the flourishing development of filmmaking.

On the other hand, we must also see that the tendency of bourgeois liberalization, certain tendencies of naturalism and other unhealthy things have been appearing for some time. In the second half of 1979, films imitating the low and vulgar tastes of the plots and actions in foreign films appeared. This phenomenon gradually increased in 1980. A handful of directors without a profound knowledge of life and whose artistic taste is not high have attempted to use scenes of stripping, kissing, and men and women playing under water to draw a part of the young audience without any judgment. Some films which purported to criticize low and vulgar lifestyles have instead presented the spectacle of decadent and vulgar rock and roll in full to the audience. They have even mixed in the sentiment of appreciation and forfeited their critical role. A film with the Guangzhou trade fair as the setting has used the low and vulgar scenes of life abroad, which bear

no relation to the plot, as the portrayal of naturalism. The purpose of these films is simply to cater to those audiences with low and vulgar tastes. But instead, objectively, they have poisoned the young and inexperienced. As for the love interest applied mechanically in the plot, when the man and woman speak of love, they must do so in the woods, in a garden or by the sea. Moreover, the scenes must also be done in slow motion. Such vulgarity has only made the audiences feel disgusted. As a new attempt in making a scenic Kung Fu picture with higher entertainment value, the film "The Mysterious Buddha" ought to be permitted. However, from a practical point of view, it is also not a success. The reason is that it has paid too much attention to acting out the Kung Fu scenes and not enough to depicting the historical background and the thoughts and emotions of the characters and has used fantastic actions and horror effects to cover up the absurdity of the plot. Because it is blind imitation without a thorough understanding of life and without artistic originality, its artistic value will not withstand the test of practice. We must conscientiously sum up these experiences and lessons. Some comrades have summed up the above artistic tendencies as the tendency of "commercialization" or the tendency of seeking "box office value." It is inaccurate to criticize it from this angle alone. Socialist film art is a powerful instrument for the building of spiritual civilization. It has a "commercial nature," but this is only for winning over a wider audience by means of educational ideological content as well as interesting and absorbing artistic charm. Such tendencies as the use of low and vulgar elements or even the attempt to copy decadent and sexy actions to cater to a certain section of the public or the making up of strange and unusual stories to lure people away from reality are basically contrary to the interests of the broad masses of working people and will naturally be condemned and resisted by workers, peasants and people with socialist consciousness.

In 1979 the scripts of two films "In the Files of Society" and "Woman Thief," which appeared separately in FILM WRITINGS, touched off a debate in the film circles as well as in society. Not long afterward, a forum was held to discuss and criticize the problems in three scripts including the script of "If I Am Real," and to create a favorable atmosphere for "letting a hundred schools of thought contend." The important speech made by Comrade Hu Yaobang at the forum is of profound practical significance to the development and prosperity of literary writings in the new period and will also have a far-reaching impact in future. The regrettable thing is that WENYI BAO No 10 published last year carried an article, entitled "Talking 'Nonsense'" by Comrade Sha Yexin, which negated the achievements of this forum on film scripts and held that it had set "a precedent for the covert banning of plays." This formulation is not in keeping with facts. When the forum criticized the three scripts, it had at the same time made some rather good suggestions for changes. If the changes were not made, how could the scripts be put into production? The scripts of "In the Files of Society" and "If I Am Real" have recently been used by the Taiwan authorities and made into films for anticommunist propaganda. This is of course against the wishes of the writers. However, does this not afford as much food for thought or teach us a lesson! Taking the stand of the party and the people, it is entirely necessary to criticize the ugliness and passivity in life of artistic images. However, the purpose of criticism is to help the party and the people overcome shortcomings and mistakes, further consolidate the democratic dictatorship of our people and promote the four modernizations--but not otherwise. Just as Comrade Deng Xiaoping

pointed out in his "congratulatory message" to the fourth writers' congress: We must be promoters of emancipating minds, upholding stability and unity, safeguarding the unification of the motherland and realizing the four modernizations. What is favorable or unfavorable to realizing the four modernizations should be our most basic criterion for measuring what is right or wrong in all our work.

Another lesson we should draw on is the weak and lax attitude the leading members of the literary and art circles have shown toward the criticism of the film script "Unrequited Love." "Unrequited Love" is a script with a seriously erroneous political and ideological tendency. In the first place, the script has confused the principled demarcation between the party, the motherland and the people on one hand and the disasters caused by Lin Biao and the "gang of four" in exploiting the mistakes of the party on the other. Based on this erroneous concept, the writer deliberately arranged a political environment and a political fate similar to that of Qu Yuan, who had been exiled and persecuted 2,000 years ago, for Ling Chenguang, a 20th century artist in the 1970's. On the one hand, he tried his utmost to show the artist's unrequited love for the "motherland." On the other hand, he also wantonly played up the ruthless indifference of the "motherland" toward him, until in the end, he could not even answer his daughter when she asked, "You love the motherland, but does the motherland love you?" His "unrequited love" for the motherland did not turn out well. When the happy news of the smashing of the "gang of four" was announced and people and his relatives were searching everywhere for him, he had already frozen to death on a remote snow-covered mountain to which he had crawled leaving behind a trail in the form of a question mark on the snow. This is the finishing touch to the film. Proceeding from a subjective idea, the script has portrayed the persecution of the artist Ling Chenguang by the "gang of four." At the same time, it has also shown that there is still a lack of confidence in the party and in socialism since the smashing of the "gang of four." This is a basic confounding of the essence of life. Another mistake in principle in the script is that it has artificially and abstractly added a hint of opposing modern superstitious belief. However, it has only used a simple symbolic and metaphoric technique to show this profound social subject. In this way, it has not only failed to reveal the essence of modern superstitious belief but it has also confused even more the line of demarcation between the mistakes of the party and the leader in the 10 years of disturbance and the sinister conspiracies of Lin Biao and the "gang of four" and further distorted the basic relations of the party and the leader with the masses. Because of the mistakes regarding these two questions of principle, the kind of socialist realism shown in the script is incompatible with the call for human nature and human dignity and will inevitably cause people to arrive at the fallacious conclusion that the socialist motherland under the leadership of the Communist Party has caused numerous tragedies in the country, and it seems that whether the lot of Ling Chenguang can change after the smashing of the "gang of four" is still an unknown factor. In relation to these questions of principle, in the portrayal of scenes, plots and minor details, the script can only resort to subjective fabrication. This inevitably goes against the criterion for objectively and realistically understanding and determining the nature of life.

This kind of portrayal in the script of "Unrequited Love" is nothing unusual. It is only the reflection of the bourgeois liberalization trend in society, which runs counter to the principle of emancipating minds and seeking truth from facts

put forward by the 3d Plenary Session of the 11th CCP Central Committee. We must realistically discuss, analyze and criticize scripts with such serious erroneous tendencies, help the writers to understand the problems in their own ideology and writings and encourage them to bravely correct their mistakes. We will also draw a useful lesson from them. People who unscrupulously lavish praise on them not only cannot genuinely help the writers but will instead do them harm.

We must also point out another more common shortcoming in the artistic presentation of films and that is the spuriousness of certain contents and plots. All realistic literary works must always use the true feeling of artistic charm to attract and influence readers and viewers. If realism is lost, there is no way of making the subject interesting and absorbing. This requires our film workers to make earnest and conscientious efforts.

III

As an important aspect on the literary and art front, films shoulder a very important mission in the building of socialist spiritual civilization.

This is the 60th year of the founding of the Chinese Communist Party and the 32d year of the founding of the People's Republic. In the history of our party, numerous pioneers and martyrs who struggled for communist ideals have given up their lives and shed blood to win the victory of China's new democratic revolution and to build the People's Republic of China. Now, when we are healing the wounds of the country and struggling to build a strong and modern country after 10 years of disturbance, films should pay even more attention to the propaganda and education of communist ideals. The deeds of heroic struggle of the martyrs and older generation of revolutionaries are models for our emulation. They are also an extremely rich source of living materials for our film writings. The molding of such heroic examples will have an important impact on the people engaged in socialist construction today.

Since the founding of the People's Republic, we have successfully carried out socialist transformation under the leadership of the party and made great achievements in socialist construction. However, because of the lack of experience and the desire for quick results, the party has also made mistakes and taken a round-about course. Particularly painful was the fact that Lin Biao and the "gang of four" took advantage of the mistakes of our party to carry out counterrevolutionary intrigues, create 10 years of disturbance and push the national economy to the verge of collapse. However, this has only been a short span in the long river of history. Armed with Marxism-Leninism-Mao Zedong Thought, the party and the people of the whole country have not only smashed the "gang of four" but also have been able to quickly heal the wounds and continue with the building of a strong and modern socialist country. Bearing in mind the future, portraying the new long March of socialist modernization and creating images of new socialist people on the screen are the glorious responsibility of the film workers. We have already carried out some explorations and experiments in this direction, but we are still lagging very far behind in life. Life's constant activity is always presenting us with new conditions and demands. We must throw ourselves into life to feel, experience, analyze, refine and process various living source materials and create images of new socialist people with lofty ideals, rich emotions and a distinctive temperament.

In the process of building socialist spiritual civilization, we must take over and carry forward the rich historical heritage, the lofty moral sentiments and the brilliant tradition in literature and art handed down by the nation. This is a rich and limitless treasure trove we can develop in our filmmaking. We have numerous historical figures who have pushed society forward and left their names in history. In the treasure house of our literature and art, we have countless extremely charming fairy tales, legends, biographies, plays, historical romances and novels. All these are waiting for us to unearth, study and improve with a historical materialist standpoint, and by means of refining, to further create and produce films with our own national characteristics that the masses will be happy to receive. This is also an important component in the building of a high level of socialist spiritual civilization. In a talk on literature and art, Comrade Hu Yaobang pointed out: There are limitless subjects for literary writings spreading over thousands of years and covering tens of thousands of li in length and breadth. He called for the writing of 3,000 films and plays over the next 10 years to satisfy the cultural needs of the people. This means film workers can play an outstanding role in this broad field of subject matter. We should be determined to make contributions.

Faced with shouldering such a vital task in the film enterprise, film workers have the task of strengthening study, going deep into life, and raising their ideological and artistic level.

1. We must pay attention to the study of Marxism-Leninism-Mao Zedong Thought and unify the thinking of the film workers on the basis of the resolution of the sixth plenary session. We must continue to emancipate minds. However, this undertaking must be guided by the four basic principles and must adhere to the orientation of serving the people and serving socialist modernization. This definitely does not imply going in for liberalization. Some people hold that emancipating minds means breaking away from Comrade Mao Zedong's "Talks at the Yanan Forum on Literature and Art," from Lenin's "Party Organization and Party Literature" and from Engels' expositions on realism. They support the slogans "art for art's sake" and "writing is subjective reflection." This is a mistake in fundamental stand and concept which not only violates the basic law and principle of socialist literature and art but also violates the most elementary law of knowledge in general. The expositions of Engels and Lenin on literature and art, the basic concept of Comrade Mao Zedong in "Talks at the Yanan Forum on Literature and Art," as well as the relevant expositions on literature and art which formed Mao Zedong Thought on literature and art are the scientific summary of practice in literature and art which have been subjected to strict tests in practice. These expositions and standpoints are still of actual guiding significance today. We can only keep on enriching and replenishing them and we must on no account crudely negate them. The resolution passed at the sixth plenary session has carried out a scientific analysis and profound summing up of Mao Zedong Thought. We should conscientiously study it and implement it in our everyday lives and in our creative practice.

2. We must pay attention to studying and carrying forward the tradition of the outstanding progressive films produced in China in the 1930's and particularly the creative experience of outstanding socialist films in the 17 years following the founding of the People's Republic. These outstanding films have been highly thought of and praised by viewers and by film critics and researchers at home and

abroad. These films have not only more authentically and profoundly reflected the social life of our people in various periods, but many of them have also formed the national style and characteristics unique to our country. Their assimilation of the characteristics of various forms of literary and artistic expression in our country, application of the means of artistic expression of traditional literature, adoption of the rich technique of expression of traditional operas, and blending of the unique appeal of classical painting and folk music have also become a technique of expression unique to our country. Time is moving forward and our field of vision keeps on expanding. We naturally must learn from new foreign techniques and experiences, but we must not adopt a nihilist attitude in dealing with our national tradition. We should first carry forward the fine artistic tradition with our own national characteristics before drawing on the new techniques of artistic expression from foreign countries which would be useful to our country. Only in this way can our film industry become a unified entity in arousing the spirit of the Chinese nation, giving play to national style and characteristics and drawing on the fine techniques of expression from outside, and steadily and proudly aligning itself with the world. When drawing on the useful experiences from foreign countries in building socialist spiritual civilization and improving artistic quality, there are two points we must pay attention to. In the first place, we must not be dazzled by certain artistic techniques and means of expression and lose our judgment. In the second place, we must not substitute copying and plagiarizing for creating. Blindly copying from the artistic experiences of foreign countries will not only be harmful to reproducing the national quality of film art but will also be detrimental to drawing on useful artistic experiences.

3. Writers must persist in going deep into life for investigation and study. This is the basic path we must take to improve the artistic quality of films. In recent years, some comrades have parochially thought that life is all around us and that we have already accumulated rich experience in life from the 10 years of disturbance. There are even such views as "on the contrary, going deep into life will not produce good work." This is extremely harmful. There is still a question of transforming world outlook. We must not think that the mention of transformation is a leftist tendency. The correct understanding of the objective world and society will bring subjective knowledge closer to reality. If we develop a feeling for fresh socialist things and new people, this is also a transformation of the subjective world. Socialist modernization will advance the life of the people to a new stage. Such contradictions and struggles as progress pushing aside resistance, advanced elements triumphing over conservative elements, lofty-minded people overcoming despicable people, patriotic people condemning people who worship foreign things, and selflessness eliminating selfishness will constantly present us with new subjects of new people who dedicate themselves to socialism in the new Long March, new sentiments and social ethics. This means that writers depicting history must also make arduous efforts to carry out textual research and acquaint themselves with the historical life portrayed. At the same time, they must also understand the needs of the spiritual life of the people in that particular period. If a writer becomes separated from going deep into life, he will only end up on the road to defeat.

4. Continue to uphold the policy of "letting a hundred flowers blossom and a hundred schools of thought contend" and develop normal literary and art criticism.

Following the upsurge of modern economic construction in China, there will be a gradual improvement in the material life of the people. Therefore, there will also be a growing demand for cultural life and for films. This requires us to produce better and more diversified films to satisfy the wishes of the people. However, while placing the emphasis on the ideological and educational role of films, we must also not overlook their aesthetic, knowledge-disseminating as well as cultural and entertainment roles. This requires us to be more comprehensive in the selection of materials. There are relatively few subjects on industry and agriculture at present. There are not enough films for the 800 million peasants, and the films for young people must also be increased. We must also keep on exploring and blazing new trails in the style and format of films. Films must rely on their originality and artistic charm to compete for and to win over more viewers. At the same time, we must also develop normal literary or art criticism. It is needless to worry that the development of literary or art criticism might enable leftist ideas to gain ground or might dampen the enthusiasm of the writers. We also must guard against the influence of erroneous leftist ideas. However, we absolutely cannot overlook at present the liberalization trend in literature and art and in filmmaking, and we must carry out an appropriate ideological struggle against it. This is the guarantee that our literature and art and films will develop and flourish along the socialist road. We must recruit a contingent for the study and criticism of artistic theory in films so that the criticism of literature and art can be normalized. Proceeding from the desire of uniting with and helping, we must by means of the method of discussing criticism and counter-criticism, give publicity to those which are good, help those which are inadequate, criticize those which have shortcomings and mistakes, keep on improving the quality of filmmaking in the course of "letting a hundred flowers blossom and a hundred schools of thought contend," and improve the ideological and artistic level of the works. This is an important path to take for the flourishing development of filmmaking.

Films must make positive contributions toward the building of socialist civilization, and for this reason we must put in a lot of hard work.

CSO: 4004/5

A DISCUSSION ON THE LIVING SOUL OF MAO ZEDONG THOUGHT

Beijing RED FLAG in Chinese No 19, 1 Oct 81 pp 34-37

[Article by Teng Wensheng [3326 2429 3932] and Jia Chunfeng [6328 2504 1496]]

[Text] The "Resolution on Certain Questions in the History of Our Party Since the Founding of the PRC" has not only concretely analyzed the wide-ranging content of Mao Zedong Thought but also incisively elucidated the living soul of Mao Zedong Thought. This living soul means the stand, viewpoint and method embodied in Mao Zedong Thought. Its three basic points are: to seek truth from facts, the mass line, and independence. Correctly understanding and vigorously grasping this living soul is of utter importance to us in upholding and developing Mao Zedong Thought and effectively carrying out the socialist modernization program now and in the future.

Why do we say that seeking truth from facts, the mass line and independence constitute Mao Zedong Thought? What is its relationship to Lenin's thesis on the living soul of Marxism?

The soul is a figurative expression. It means the very essence and the innermost core of a matter. It permeates and embodies all parts of the matter and vividly maintains contact with them. Seeking truth from facts, the mass line and independence are the very essence and the innermost core of Mao Zedong Thought as a system. This point can be explained by proceeding from the following several aspects.

Mao Zedong Thought is a product of the integration of the universal principles of Marxism-Leninism with the concrete practice of the Chinese revolution. By applying Marxism-Leninism to the arduous struggle in China and by making seeking truth from facts, the mass line and independence a practice and turning them into the unified, fundamental guiding principles for the CCP members, Comrade Mao Zedong and his comrades-in-arms successfully solved the various problems of the Chinese revolution and formulated a series of strategies, tactics, principles and policies which were compatible with China's realities and continuously led the revolution to victory. For this reason, the formation and development of these three basic principles were fundamental indications of the full realization of the integration of the universal principles of Marxism-Leninism with the concrete practice of the Chinese revolution. Without these three basic principles, this integration could not have been realized and developed, the whole scientific

theory of Mao Zedong Thought could not have come into being and the Chinese revolution could not have triumphed.

The series of scientific theories, basic viewpoints and fundamental policies concerning political, economic, cultural, military and foreign affairs and party building as incorporated in Mao Zedong Thought were formed and developed gradually on the basis of these basic principles of seeking truth from facts, the mass line and independence, and in light of the specific tasks at various stages of the Chinese revolution and the actual conditions in various fields. These three basic principles permeate and are embodied in all component parts of Mao Zedong Thought, run through all scientific works by Comrade Mao Zedong and are upheld in the great revolutionary activities of the CCP members. They fundamentally guarantee that our party will maintain close ties with social life and revolutionary practice. They also ensure that various components of Mao Zedong Thought will continue to be replenished, revised, enriched and developed in the course of practice, thus continuously opening a wide road for people to understand, apply and develop the truth in the course of revolution and construction.

Some specific conclusions derived from the scientific theories of Mao Zedong Thought were applicable to a certain period of the Chinese revolution. For example, the strategies, tactics, principles and policies regarding China's new democratic revolution and the general and specific policies regarding China's socialist transformation have become historical contributions because the revolutionary tasks were successfully realized. However, as the fundamental stand, viewpoint and method of Mao Zedong Thought, the principles of seeking truth from facts, the mass line and independence are entirely correct at all times. They will play a tremendous guiding role ideologically and methodologically in all spheres and in all branches of work. We should constantly uphold them not only at present and in the future, but also throughout the period of socialist construction and until the great ideal of communism has been realized. Undoubtedly, the basic principles of seeking truth from facts, the mass line and independence should be continuously enriched and developed along with the improvement of daily life. In this course of enrichment and development, they will manifest their strong vitality more and more profoundly and show their universal theoretical and practical value in our country's cause of revolution and construction.

Comrade Mao Zedong had carried out protracted struggle, done a great deal of creative work theoretically and practically, and expended much energy in order to establish and uphold seeking truth from facts, the mass line and independence as the basic principles in our party's guiding ideology. Unfortunately, Comrade Mao Zedong made serious mistakes during his later years. In the final analysis, the cause of these mistakes was that he neglected the principles of seeking truth from facts and the mass line, which he had strongly emphasized, and that he divorced himself from reality and from the masses when handling a number of major problems. This misfortune showed that, long-tested in practice, these basic principles of Mao Zedong Thought must be followed and must not be violated by the CCP members at any time or under any circumstances. Anyone, even Comrade Mao Zedong himself, who goes against them will inevitably make mistakes. This also profoundly shows that these basic principles are the very essence and the living soul of Mao Zedong Thought.

In his article "Kommunismus," Lenin said that "the very gist, the living soul, of Marxism is a concrete analysis of a concrete situation." ("Selected Works of Lenin," Vol 4, p 290) Though different in wording, this thesis by Lenin is identical in essence with the thesis in our resolution on the living soul of Mao Zedong Thought. By a concrete analysis of a concrete situation, Lenin meant that in doing anything, we should proceed from realities, not from principles and books, and still less from our wishful thinking; we must formulate working policies by making a concrete analysis of the objective realities, in order to unify the subjective with the objective and theory with practice. This is the same as the principle of seeking truth from facts as incorporated in Mao Zedong Thought. Then, how shall we understand the point that the living soul of Mao Zedong Thought comprises the mass line and independence in addition to seeking truth from facts?

Seeking truth from facts involves the question of the basic starting point in our revolution and construction, that is, we must proceed from China's actual conditions to find a suitable, concrete way for carrying out revolution and construction. From the time he joined the revolution, Comrade Mao Zedong paid attention to applying the Marxist-Leninist theories and methods in systematically and carefully investigating China's social conditions, and he knew how to theoretically sum up the experiences and lessons derived from the practice of the revolution and to raise and solve questions according to the time, place and other conditions. He stressed that investigation is the first step in all work and that without carrying out investigation, one has no right to speak. He emphatically pointed out that theoretical understanding derived from investigation and practice must be applied to practice, so as to find the truth from practice and also to test and develop the truth in the course of practice. He defined seeking truth from facts as the party's ideological line and regarded one's ability to seek truth from facts as an indication of the purity of one's party character.

The mass line refers to the source of strength for the revolution and construction. This means that China's revolution and construction will surely succeed provided they are for the masses and are carried out by relying on the masses. Comrade Mao Zedong creatively and systematically applied to all activities of our party the Marxist-Leninist principle that the people are the makers of history, and formulated the party's mass line for all its work. He emphasized that the people are the source of the party's strength as well as the source of the party's correct ideas. He pointed out: "In all the practical work of our party, all correct leadership is necessarily 'from the masses, to the masses.' This means: Take the ideas of the masses (scattered and unsystematic ideas) and concentrate them (through study turn them into concentrated and systematic ideas), then go to the masses and propagate and explain these ideas until the masses embrace them as their own, hold fast to them and translate them into action, and test the correctness of these ideas in such action. Then once again concentrate ideas from the masses and once again go to the masses so that the ideas are persevered in and carried through. And so on, over and over again in an endless spiral, with ideas becoming more correct, more vital and richer each time." "In the process of concentrating ideas and persevering in them, it is necessary to use the method of combining the general call with particular guidance, and this is a component part of the basic method." ("Selected Works of Mao Zedong," Vol 3, pp 854-855) In this way, the mass viewpoint is combined with practice, the wisdom of the leader

is combined with the wisdom of the masses, and the general call is combined with particular guidance. That is, the dialectical-materialist theory of knowledge is organically combined with the historical materialist mass viewpoint.

Independence involves the question of our standpoint in carrying out revolution and construction. That is, the policy for China's revolution and construction should be chiefly based on its conditions and strength. This is an invariable conclusion deduced from the policy of carrying out revolution and construction by proceeding from China's actual conditions and relying on the masses. Philosophically, it has correctly solved the relationship between internal and external causes and is of great significance in our method of carrying out revolution and construction. In the "Communist Manifesto," Marx and Engels pointed out that the proletariat must rise to be the leading class of the nation in order to acquire political supremacy, that is, it must become the leading force of its people and its nation and must not be divorced from the historical conditions and the concrete realities of its country and nation. However, after taking into account the situations of the various capitalist countries in Europe and America, they emphasized that "united action, of the leading civilized countries at least, is one of the first conditions for the emancipation of the proletariat." ("Selected Works of Marx and Engels," Vol 1, p 270) However, since then, the situation of united action of the proletarians of various capitalist countries and their simultaneously winning victories of the socialist revolution has never been realized. Russia's October Revolution led by Lenin had theoretically and practically changed this estimate and conclusion drawn by Marx and Engels. In the course of leading the people in carrying out the democratic revolution, Comrade Mao Zedong repeatedly pointed out: "We the Chinese nation have the spirit to fight the enemy to the last drop of our blood, the determination to recover our lost territory by our own efforts, and the ability to stand on our own feet in the family of nations." ("Selected Works of Mao Zedong," Vol 1, p 147) "We are not alone; all the countries and people in the world opposed to imperialism are our friends. Nevertheless, we stress regeneration through our own efforts. Relying on the forces we ourselves organize, we can defeat all Chinese and foreign reactionaries." ("Selected Works of Mao Zedong," Vol 4, p 1078) During the period of socialist construction, he reemphasized this principle and put forth the policy of "relying mainly on our own efforts while making external assistance subsidiary."

The proletarian revolution is an international cause which requires that the proletarians of all countries support each other. However, should the proletarians of a country stress relying on the strength of the people of their country or depending on external assistance? This is a major question concerning the success of the revolutionary cause of their country. Without establishing the determination to fight by their own efforts to the end, without relying on the strength of the people of their own country, and without creatively carrying out theoretical and practical activities in light of the historical characteristics of their own country and nation, it is difficult for them to win a victory in revolution and construction, and it is impossible for them to consolidate a victory. Thanks to the constant efforts of our party and Comrade Mao Zedong to uphold the policy of maintaining independence and keeping the initiative in our own hands and relying on our own efforts, to explore a road of advance suitable to our country's conditions and to rely on and display the Chinese people's

initiative and creativeness and their spirit of fighting bravely and sacrificing themselves for the future of their country and nation, we were able to overcome difficulties, resist pressure from outside and hold an invincible position in carrying out revolution and construction.

The three principles of seeking truth from facts, the mass line and independence are interrelated. Among them, seeking truth from facts is the most fundamental and the mass line and independence are its invariable requirements and derivatives. Proceeding from different angles, they together solve the question of closely integrating Marxism-Leninism with China's realities and the question of how the Chinese communists should scientifically understand and transform the objective world in light of China's conditions. For this reason, our party takes these three basic principles as the living soul of Mao Zedong Thought. They are identical in spirit and essence with Lenin's thesis on the living soul of Marxism. They are characteristic of the Chinese revolution led by the CCP and clearly bear the imprint of the Chinese style and spirit. The CCP carried out revolutionary struggle in a semicolonial, semifeudal big country of the east and in very tough conditions of being exceedingly outnumbered by the enemy forces for a long time. Its revolutionary forces could not develop in size and strength and even could not exist for a single day if they did not proceed from China's realities, rely on the masses and base their policies on their own strength. Therefore, these three basic principles became our party's guiding principles and the living soul of Mao Zedong Thought. This was by no means by chance but was an invariable product of the practice of the Chinese revolution and a precious crystallization of historical experience.

Seeking truth from facts, the mass line and independence are the concrete application of the basic viewpoints and principles of dialectical materialism and historical materialism to China's revolution and construction. Today they have become the common knowledge of the Chinese people. However, these principles were established and unequivocally regarded as our party's basic viewpoint and basic methods of thinking and work and have been applied to revolutionary practice, continuously improved in practice, systematically demonstrated in philosophical and theoretical work and turned into instruments for all party members and fine traditions of the party--this is undeniably a great achievement of Comrade Mao Zedong and his comrades-in-arms and the party. This living soul of Mao Zedong Thought is exactly an enrichment and development of the Marxist theories.

At present, the Chinese people of all nationalities are scientifically summing up the experiences of the positive and negative sides since the founding of the PRC, closely rallying around the CCP Central Committee and fighting vigorously to build a powerful modern socialist country with highly developed democracy and civilization. This is a great undertaking never attempted by our ancestors before. In the course of carrying out this undertaking, correctly understanding and tightly grasping the living soul of Mao Zedong Thought and upholding and developing the three basic principles of seeking truth from facts, the mass line and independence under new conditions of the time will undoubtedly be of vital significance to us in using the scientific world outlook and methodology as our guide to analyze the new conditions which continuously emerge on our road of advance, to study new problems and to resolve new contradictions; in deeply trusting and relying on the

masses, arousing them to display their initiative, creativeness, spirit of self-sacrifice and all their intelligence and wisdom, so that they will work concertedly to produce the best results in all tasks; and in heightening our national pride and confidence, learning all good things of foreign countries, and depending mainly on our own efforts to attain our great goal.

CSO: 4004/5

WHY IS IT THAT NOT ALL IDEOLOGICAL DIFFERENCES IN THE PARTY REFLECT CLASS STRUGGLE IN SOCIETY?

Beijing RED FLAG in Chinese No 19, 1 Oct 81 pp 38-40

[Article by Sun Ruiyuan [1327 3843 7687]]

[Text] In the past, a viewpoint holding that all ideological differences in the party reflect class struggle in society was in vogue. This viewpoint is one-sided and wrong and the "resolution" negated it.

Ideological differences are common phenomena and are of various kinds. Some of them reflect class struggle in society, but quite a large number of them do not.

Our party exists in society, and ever since its founding it has been surrounded by nonproletarian elements. Therefore the class struggle in society and various kinds of nonproletarian ideology have influenced the party through diverse channels. Differences between proletarian and nonproletarian ideology in the party have thus occurred. Therefore, some of the ideological differences in the party reflect the class struggle in society. Even now this situation, in which the exploiters have been eliminated as a class and class struggle only exists within certain limits, is inevitable. This is because there still exist in our society former landlords and rich peasants who have not yet reformed, counterrevolutionaries, enemy agents, various kinds of criminals who disrupt public order and new exploiters, such as those engaged in graft, embezzling and speculating, with whom we are in conflict. Of course, these conflicts differ from the historical struggle of one class against another and they are the remnants of the historical class struggle under the special conditions of socialism. We should also be aware that the influence of feudal and bourgeois elements still exists in the ideological field. Moreover, the international reactionary forces are still doing their utmost to oppose us, and there are very sharp conflicts between those forces and ourselves. Therefore, various kinds of nonproletarian ideology have quite an important influence on us. The resolution points out: "Class struggle no longer constitutes the principal contradiction since the exploiters have been eliminated as a class. However, owing to certain domestic factors and influences from abroad, class struggle will continue to exist, within certain limits, for a long time to come and may even grow acute under certain conditions. It is necessary to oppose both the view that the scope of class struggle must be enlarged and the view that it has died out. It is imperative to maintain a high level of vigilance and conduct effective struggle against all those who are hostile to socialism and who try to sabotage it in the political, economic,

ideological and cultural fields and in community life." This struggle is bound to be reflected in the party and create ideological differences there, and these differences cause the contradictions and conflicts within the party. Hence, when we analyze the ideological differences in the party, we should first see that some of them actually reflect the class struggle in society. To fail to see this point or to slacken our vigilance is a mistake.

However, we should by no means treat all ideological differences in the party as a reflection of class struggle in society. Quite a large number of them cannot be included in this category. This is especially true in a socialist society. For social contradictions are very complicated, and some of them fall within the scope of class struggle and some do not. As the resolution points out, "We must correctly understand that there are diverse social contradictions in Chinese society which do not fall within the scope of class struggle and that methods other than class struggle must be used for their appropriate resolution. Otherwise, social stability and unity will be jeopardized." Therefore, when we analyze the ideological differences in the party, we should see that quite a large number of them do not reflect social contradictions which fall within the scope of class struggle. To fail to see this point or to refuse to admit it is also a mistake.

The ideological differences in the party not only have their source in social classes but also in cognition and the many ideological differences which are caused by the differences in the cognitive abilities of the party members. As Lenin said, "Truth is a process." ("Collected Works of Lenin," Vol 38, p 215) Man's cognition is a permanent and endless ideological approach to objects and results in a transition from ignorance to cognition, and then from partial and indefinite cognition to relatively complete and relatively finite cognition. Therefore, the process of man's cognition is one of gradual decrease in his blindness and increase in his consciousness. It is not easy for anybody to understand objective matters and things or to master the laws governing their movements; hence errors often occur. This is an important reason why people's cognition differ so much and why mistakes are inevitably made. Our party has more than 38 million members and each member has his individual life experience, practical experience, and theoretical and cultural standards. Besides, each is in his individual position and investigates and handles problems from his own specific angle. Therefore, there are often different understandings of the same problem. Some of the understandings are relatively correct, some only partially correct and some even completely wrong. This causes ideological differences in the party. Historical experience has taught us that ideological differences, caused by differences in cognitive abilities rather than class struggle, often occur in large numbers everywhere in the party. By no means should they be simply called the reflection of class struggle or rashly ascribed to the differences between the "two classes and the two lines." It will only fetter people's minds and stifle the party's vitality if we raise problems of cognition to the plane of principle or two-line struggle and call them problems of class struggle in every situation.

In regard to the problem of how to treat the ideological differences in the party, we should pay attention to the following two points:

First, we should make a concrete analysis of errors in cognition and work which have been demonstrated by practice. In real life, we often come across such cases. Some party members who are honest, just, loyal to the people and hard-working have committed mistakes or even serious mistakes in their cognition or work owing to their low standards and lack of experience. Certainly we should treat these mistakes seriously and even mete out proper punishment for some of them. Nevertheless, we must seek truth from facts and make a concrete analysis and by no means should we confuse these mistakes with class struggle. Nor should we treat errant comrades as the enemy or carry out "ruthless struggle against them and deal them merciless blows." On the contrary, we should use the weapon of criticism and self-criticism to enthusiastically help them to overcome their erroneous thoughts and help them learn to use a Marxist stand, viewpoint and method to investigate and handle problems. Thus we can raise their ability to find the correct orientation and judge what is right and what is wrong. We should help them to learn to use Marxist theory as a guide to study and help them sum up their work experiences and draw from their experiences the laws governing the development of objective matters and things. Only by so doing can we eliminate the ideological differences in the party, correct the mistakes in our work and strengthen the party's unity.

Second, we should be discreet toward the matters of right and wrong which have not yet been proved by practice. Socialism is a brand new cause. It is a glorious and arduous task of integrating the universal truth of Marxism with our concrete practice. No doubt, the whole party should strictly follow the line and the general and specific policies of socialist revolution and construction formulated for us by the CCP Central Committee. However, our country is so large, our population is so great, and the conditions in our country are so complicated, that in order to attain the great goal of socialism, people should be allowed to proceed from reality and carry out various kinds of experiments and exploration on the basis of adhering to the four basic principles and remaining within the limits of the general policies formulated by the CCP Central Committee. People should carry out discussions to better solve problems. It is wrong to label all differing opinions as "revisionism" as soon as they are aired. As Lenin said, "Differences within or between political parties are usually resolved not only by polemics over principles, but also by the course of political development. In particular, differences in a party's tactics, i.e., its political conduct, are often resolved by those with incorrect opinions actually turning to the correct path of struggle, under the pressure of developments which simply brush aside erroneous opinions and which make them pointless and devoid of any interest." ("Collected Works of Lenin," Vol 9, p 132) Practice is the only criterion for truth. Opinions which have been formed through exploration but not yet been proved by practice should be allowed to be subject to the examination of practice as long as they conform with the four basic principles, the line and general and specific policies laid down by the CCP Central Committee. Rashly sticking labels of "revisionism" on people will not facilitate the development of the socialist cause.

The historical experience of our party has time and again proved that it is very harmful to treat all ideological differences as the reflection of class struggle in the party. To do so will only result in the intensification of the frequency and intensity of inner-party struggle and the undesirable expansion of class

struggle. During the "Great Cultural Revolution" this theoretical viewpoint was in great vogue and caused tremendous damage to the party. Therefore, it is a theoretical viewpoint that harms and weakens the party, destroys its unity and causes disorder and turmoil in the party. We should conscientiously understand the spirit of the resolution and abandon this erroneous viewpoint.

CSO: 4004/5

IN WHICH FIELDS SHOULD WE CONTINUE TO CARRY OUT REVOLUTIONARY STRUGGLE UNDER SOCIALIST CONDITIONS?

Beijing RED FLAG in Chinese No 19, 1 Oct 81 pp 40-42

[Article by Zhang Gong [1728 1712]]

[Text] To correctly understand the need to continue to carry out revolutionary struggle in various fields under socialist conditions is of great practical significance in making us firmly adhere to the correct political orientation on our road of the new Long March and in making us consciously strive to attain the party's great goal in the new historical period.

The CCP takes the ultimate realization of communism as its historical task. Its members should not relax or end the revolutionary struggle before this lofty revolutionary ideal has been realized. In China, after state power under the people's democratic dictatorship was established, and especially after socialist transformation was basically completed and the exploiting class was destroyed, the revolution entered a period of peaceful development in which economic construction was the central link and the content and method of the revolution were basically different from those of the past even though the socialist revolution had not yet been finally accomplished. During the period of peaceful development, our revolutionary struggle does not need to be carried out by means of violent confrontation and clashes between classes, as was necessary before the overthrow of the exploiting system, but can be carried out by means of the socialist system, under good leadership, systematically and in the correct order. This kind of revolution is basically different from the so-called "continued revolution under proletarian dictatorship," which advocated the overthrow of one class by another as carried out during the "Great Cultural Revolution."

In what fields should we continue to carry out revolution under socialist conditions? The "resolution" has already pointed out the basic direction for us.

The most important task of the revolution is to vigorously develop the social productive forces. Since the elimination of the exploiting class, class struggle is no longer the principal contradiction. The principal contradiction which we currently need to resolve domestically is the contradiction between the people's daily growing material and cultural needs and the backward social production. The focus of work of the party and the state should be resolutely shifted to socialist modernization and strength should be concentrated on developing social productive

forces. The party's various tasks should be subordinate to and serve this central link. Developing the cause of socialist modernization requires a great deal of mental and physical labor and demands the elimination of leftist and rightist erroneous trends in the guiding ideology. At present, it is first necessary to overcome the leftist influence and to work in strict accordance with objective economic laws, so that our country's economic construction will develop effectively, gradually and steadily, according to the conditions of our country.

Another important task for us in continuing the revolutionary struggle is to continuously improve and develop the socialist relations of production and the superstructure. The history of the socialist system in our country is very short. The production relations have changed from private ownership to public ownership. However, at the present stage, our country practices two forms of socialist public ownership, viz, ownership by the people and collective ownership. The basic forms of the Chinese economy are the state economy and the collective economy, with the workers' individual economy existing within certain prescribed limits. This suits today's level of development of productive forces in our country. With the socialist productive forces developed, the relations of production must be revised and improved so that they are suited to the conditions of the productive forces and conducive to the development of production. The "resolution" pointed out: "There is no rigid pattern for the development of socialist relations of production. At every stage our task is to create those specific forms of the relations of production that correspond to the needs of the growing productive forces and to facilitate their continued advance." With regard to the superstructure, we still need to continuously build a highly democratic socialist political system. This is a fundamental task of the socialist revolution. It is necessary to realistically strengthen the building of state organs at all levels in accordance with the principle of democratic centralism, so that the people may directly manage and supervise the state power and the affairs of their enterprises and units and enjoy and exercise their democratic rights. It is necessary to correctly understand and properly dispose of certain undesirable phenomena which undoubtedly exist in party and state organs and also to correct certain defects in our establishments, so as to facilitate development of the socialist cause. At the same time, it is also necessary to build a highly developed socialist spiritual civilization and, with Marxism-Leninism-Mao Zedong Thought as the guide, to develop socialist ideological education, morals and practices, create a varied and colorful cultural life, and eliminate the influence of bourgeois and feudal ideas and the force of outmoded habits. This revolutionary task has more profound meaning than it did before.

The great goal of communism should be gradually realized on the basis of continuously carrying out the revolutionary struggle mentioned above. Socialism should be aimed at gradually wiping out all exploiting systems and classes, all class differences, and all major social differences and inequalities caused by the shortage of social productive forces, such as the differences between towns and countryside and between mental and physical labor and the actual inequalities between one man and another in distribution and demand, until communism is achieved. We are now carrying out the struggle to build a powerful and modern socialist country with highly developed democracy and civilization. This is only a stage in the great revolution to realize communism. We must attain the goal of

modernization systematically and gradually by advancing along the correct road to modernization as pointed out by the 6th Plenary Session of the 11th CCP Central Committee. We must also apply the scientific principles of Marxism-Leninism-Mao Zedong Thought in creating conditions for the change from socialism to communism. This is a great revolution unprecedented in the history of mankind.

All this shows that the revolution which we are required to carry out during the period of peaceful development should be carried out in a greater depth and calls for more arduous efforts than in the past. This revolution will take a very long period of time to accomplish. It also demands the persistent efforts, strict observance of discipline, hard work and brave sacrifice of the people for many generations.

Lenin pointed out: After the proletariat has seized political power, its most important, most fundamental and most consistent task is to lay down the economic base of the socialist system. "A 'reformist,' gradual, cautious and roundabout approach is needed to solve the fundamental problems of economic development." ("Collected Works of Lenin," Vol 33, p 86) This tells us: In order to continue to carry out revolutionary struggle under socialist conditions, we must adopt a method entirely different from that adopted before the proletariat seized political power. Basing himself on the practice of socialism in China, Comrade Mao Zedong put forth for the first time in 1957 the theory of correctly handling contradictions among the people and stressed the need to take the correct handling of contradictions among the people as a main theme in the political life of the country. He pointed out clearly: Contradictions in socialist society "can be ceaselessly resolved by the socialist system itself." ("Selected Works of Mao Zedong," Vol 5, p 373) We have acquired experience in the positive and negative sides of this question over the past two decades and more. Practice shows: The method of using the "Great Cultural Revolution" to carry out revolutionary tasks under conditions of socialism did not work and was harmful. The contradictions between productive forces and the relations of production and between the superstructure and the economic base can be resolved systematically and in the proper order only by relying on the powerful people's democratic dictatorship and by fully displaying the superiority of the socialist political and economic systems under the leadership of the CCP.

The revolutionary road during the period of peaceful development is not smooth. Because of domestic factors and international influence, class struggle will continue to exist within certain limits and might increase under certain conditions. We must not make light of the question of correctly understanding and handling the contradiction between ourselves and the enemy. We must effectively struggle against the enemies who openly or secretly carry out sabotage activities in the political, economic, ideological and cultural spheres and in social life. We must strictly and promptly strike down those who have committed murder, arson, robbery, rape, profiteering, smuggling or other crimes that seriously endanger society and harm the people's lives and property. We must punish the principal culprits and the abettors. This will consolidate the people's democratic dictatorship. We must seriously denounce words and deeds which are against the four basic principles. We also must realize the return of Taiwan to the embrace of the motherland and accomplish the great cause of reunification of the motherland.

We must keep close watch on the developments and changes of the international situation and strive to safeguard the independence and security of the motherland, to persistently oppose imperialism and hegemonism, to support the cause of emancipation of the oppressed nations and to defend world peace.

The new historical period has assigned us a new militant task. We must uphold our lofty revolutionary ideals, maintain our vigorous revolutionary spirit and carry out to the end the great socialist revolution and construction.

CSO: 4004/5

WHY WAS OUR COUNTRY'S NATIONAL ECONOMY ABLE TO PROGRESS DURING THE 'GREAT CULTURAL REVOLUTION'?

Beijing RED FLAG in Chinese No 19, 1 Oct 81 pp 42-43

[Article by Gao Zhiyu [7559 2535 3842]]

[Text] As pointed out in the "Resolution on Certain Questions in the History of Our Party Since the Founding of the PRC," during the "Great Cultural Revolution," "our country's national economy was still able to progress despite meeting with huge losses." This is in conformity with the viewpoint of historical material dialectics and with the practical scientific diagnosis of our country.

Marxism tells us that activities of producing material objects constitute mankind's most fundamental activities. Any race of people will surely perish once it stops its labor on the production of material objects for even a few weeks. Generally speaking, during the socialist period the productive force is bound to progress at a varying speed, either swiftly or slowly, provided it encounters no calamitous natural disaster or is not involved in large-scale warfare. In the course of the "Great Cultural Revolution," the counterrevolutionary cliques of Lin Biao and Jiang Qing sabotaged socialist economic construction and inflicted heavy losses on production, but they were unable to conquer the maxim of the law that social production forever progresses. And during the 10-year period, certain progress was made in our national economy.

However, while we acknowledge that progress was made in the national economy, this must not be construed to mean that the fruits should be ascribed to the "Great Cultural Revolution." On the contrary, the "Great Cultural Revolution" precisely slowed up the speed of development of the national economy. If no such serious error which was of overall importance and lasted for a long time had been committed, our enterprises would certainly have achieved much bigger successes.

The resolution made a factual summary of the progress made in the national economy during the "Great Cultural Revolution." On the agricultural side, the national output of grain, the main agricultural product, amounted to 572.6 billion jin in 1976, an increase of more than 40 percent over 1965. In the industrial sector, steel output increased from 12.23 million tons in 1965 to 20.46 million tons in 1976, while certain increases were scored in the output of coal and crude oil. In addition, certain achievements were also made in capital construction and in science and technology. All these are objective facts.

That in the course of the 10-year internal turmoil our national economy did still progress must first of all be attributed to the fact that the people of all nationalities firmly insisted on taking the socialist road and protecting the socialist cause. As Marx and Engels pointed out: "Historical activities are in effect the undertakings of the masses." ("Complete Works of Marx and Engels," Vol 2, p 104) Armed with Marxism-Leninism-Mao Zedong Thought, the people of our country have taken socialism as a cause for their own intimate concern. They have devoted utmost efforts to the promotion of this great cause. When confronted with difficulties, they would not allow the socialist cause to be disrupted but would insist on fighting hard to promote its development. During the period of the "Great Cultural Revolution," the masses of people resisted the sabotage of Lin Biao and the "gang of four." They took concrete steps to criticize such fallacious slogans as "once a good job has been done of class struggle, production will naturally 'go up' of its own accord," "we would rather have socialist weeds than capitalist seedlings," "never carry out production for an erroneous line," and so on. They waged repeated struggle against the counterrevolutionary intrigues to sabotage production on the part of the "gang of four." Some people, though suffering from severe attacks or torture, would never waver from their stand of loving the motherland, supporting the party and supporting socialism. They would still remain at their post and insist on production, persist in their work, and do their utmost to reduce the damage caused by the internal turmoil. In this way, they accumulated wealth, bit by bit, for socialism. The masses of the populace really expended great efforts.

Secondly, the older generation of proletarian revolutionaries and the great majority of cadres, who were loyal to the party and the people and had deep faith in the communist cause, all along remained on the correct side of the struggle and performed the mainstay role in maintaining and developing production. Just as the resolution pointed out, during the "Great Cultural Revolution," Comrade Zhou Enlai was in a very difficult position. But he made untiring efforts to turn the tide, to keep the party and the state in normal operation, to protect the masses of cadres and people, and to develop production and reduce the economic losses to the minimum. In 1975, when Comrade Zhou Enlai was critically ill, Comrade Deng Xiaoping took charge of the daily work of the central government. He convened a series of meetings to solve problems relating to industry, agriculture, communications, science and technology. Work rules covering industry and scientific research were formulated and steps were taken to straighten out the work in various aspects. For a time, the situation clearly appeared to have turned for the better. As for the party cadres at various levels, despite the difficulties surrounding them, they firmly and thoroughly carried out the various important policies beneficial to the development of production and worked assiduously to increase the economic strength of socialism by all ways and means. All these things provided assurances that the "gang of four" could not succeed in their intrigues and that socialist economic construction would not be interrupted.

Finally, we cannot but note that this considerable progress made by the national economy was closely related to the fact that Comrade Mao Zedong was able to absorb the lessons of the "Great Leap Forward." Although he committed errors affecting the situation as a whole in the 10 years of turmoil, he was still comparatively careful in economic work. At the time, at the instigation of such counterrevolutionary elements as Lin Biao, Jiang Qing, Zhang Chunqiao and Kang

Sheng, loud calls were made in certain rural areas to change the system of ownership by the collective to that of ownership by the whole people. Insistent and noisy calls were also heard demanding "this" or "that" reform in the production relations. However, Comrade Mao Zedong did not agree with or support these viewpoints, which were in effect opposed to objective laws. It can thus be seen that he was comparatively cool-headed and careful concerning matters of this kind. This was instrumental in ensuring a stable foundation for the socialist system of our country. It enabled socialist economic construction to progress.

In the turmoil of the "Great Cultural Revolution" which brought great and serious disaster to the party and the people, our country's national economy was nevertheless still able to progress. This must be attributed to the vast strength of the Chinese people, to the superiority of the socialist system and to the enormous vitality of our party.

CSO: 4004/5

POSTWAR INFLATION OF FINANCIAL CAPITAL IN IMPERIALIST COUNTRIES AND RELATED CHANGES

Beijing RED FLAG in Chinese No 19, 1 Oct 81 pp 44-48

[Article by Tao Dayong [7118 1129 6978] in "Forum on Economic Problems of Imperialism" section]

[Text] During the period of free capitalism, industrial capital occupied the ruling position, but during the stage of monopoly capitalism, financial capital occupied the ruling position. After World War II, following a further intensified concentration of production and capital in industry and the speeding up of the monopolization process, financial capital became unprecedentedly inflated in the developed capitalist countries and occupied an absolutely dominant position in the economic and political life of these countries.

Under the new historical conditions after the war, because of certain changes in the form of combining bank capital and industrial capital and because of the appearance of professional managers and a new stratum of technological personnel, various kinds of theories about the "deterioration" or change in character of capitalism have emerged among Western economists. An endless array of such theories has emerged. They include theories ranging from "company-revolution theory" to "manager-control theory," from the theory of the "later-stage industrial society" to the theory of "super-technological society" and from "people's capitalism" to "annuity socialism." The central thought is the "disintegration" of financial capital and the "disappearance" of currency control, resulting in the so-called "transfer of economic power." For the purpose of deepening our understanding of the laws governing the current economic operations under imperialism, we must make a concrete study and analysis of the evolutions in the development of financial capital under the conditions of modern monopoly capitalism.

I

In capitalist countries during the postwar period, the scope of banking institutions has continuously expanded and the accumulation and concentration of banking capital have continued to increase rapidly. Take the United States for example. In 1918, there were some 28,000 commercial banks with gross assets amounting to over \$36 billion. Following the wave of amalgamations and the economic crises in the 1920's and the early 1930's, the number of banks was reduced by roughly 50 percent. During most of the postwar period, it was around 14,000 but gross assets

had increased by 10 times above the original figure. By the latter half of the 1970's, their total assets had exceeded \$1 trillion. In 1960, there were 25 commercial banks with gross assets of over \$1 billion each. Of these only one had gross assets of over \$10 billion. By 1970, the number of banks with gross assets of over \$1 billion had increased to 80, of which 7 had assets of over \$10 billion each. According to more recent statistics, of the 50 largest commercial banks in the United States, 20 had assets of over \$10 billion each while the remaining 30 had assets of no less than \$4 billion each. We can thus see the high degree of concentration and monopolization of capital of these banks. In Western Europe and Japan during the postwar period, the trend toward the concentration and monopoly of banking capital was more or less like that in the United States. At present, the "four magnates" in Britain, the three big banks in West Germany and in France, and the banks in the largest cities in Japan all occupy a monopoly position in their respective countries.

The further concentration and monopolization by banks after the war can also be seen in the rapid increase in the number of branch offices of the large banks. In the early postwar period, commercial banks in the United States had over 4,100 branch offices. By 1977, this number had grown to 33,000, an increase of over 7 times in a 30-year period. In Britain, the "four magnates" all had 2,000 to 3,000 branch offices each, while the three large banks in France also had about 2,000 branches each. Thus, in the developed capitalist countries after the war, a tightly knit monopoly network of banks has been formed. Lenin said: "Banks are the backbone of modern economic activities; they constitute the nerve center of the entire structure of capitalist national economy." ("Selected Works of Lenin," Vol 3, p 136) This point was particularly evident among the developed capitalist countries after the war. The actual situation is: With the daily expansion of the scale of operation of the banks and the continued intensification of their monopoly position, the banking business has assumed a steadily diversified nature. The large banks not only have control of the spare funds of society but also have become all-embracing composite financial giants. (For example, in the United States they embrace insurance companies, finance companies, investment and trust companies, credit and loan associations, savings and loan associations, organizations handling private retirement funds, and so on.) They control the industrial and commercial enterprises by means of the traditional banking business (such as accepting deposits and granting loans), but, more than that, they also engage in various kinds of nonbanking businesses (such as acting as agencies, attending to electronic computer services, taking care of rental-service companies, running consulting departments, and managing old-age funds and retirement funds). In this way, they control and manipulate general economic activities.

Another noteworthy trend is: Following the postwar abnormal expansion of multinational corporations, the banking monopoly organizations of the various principal capitalist countries have likewise extended their operations to different parts of the world. Their expansion overseas was especially evident beginning in the 1960's. Since then they have truly set up an international banking system. In 1939, American banks had branches or subbranches in only 22 countries, but by 1960 they had them in 55 countries. During the 1970's the expansion overseas of the multinational banks was even more rapid. According to statistics compiled by the United Nations, in 1971, American banks operated some 822 branches, subbranches or agencies overseas; by 1976, this number had grown to 1,065. During

the same period, Japanese multinational banks increased their overseas branches from 198 to 400. The multinational banks of France and Britain were no less aggressive, as in 5 years' time their overseas branches had doubled. In this way, this tightly knit banking network not only has consolidated domestically the thousands of individual and scattered economies into one united capitalist economy but also has formed a global capitalist economy.

II

In the postwar period, in addition to the further development of the centralization and monopolization of production, and with the speeding up of a high degree of concentration and monopoly of banking capital, large banks in the major capitalist countries have stepped up the combining of banking monopoly capital with industrial monopoly capital, thereby forming an unprecedentedly enormous block of financial capital. This was done through credit and loan relations and through such channels as capital participation and sharing of management personnel. It can be said that, owing to the state mechanism intervening in the national economy and due to certain legislative limitations, the form of the union of banking capital and industrial capital might have suffered certain changes, but viewed from the basic procedure of modern capitalist development, no qualitative changes of a fundamental nature have taken place.

In the initial postwar period certain Western economists (such as Bailey, the celebrated American expert on corporation law), on the basis of observation of such phenomena as the wide distribution of shareholders' rights and the emergence of such strata of people as professional managers and technicians, came to the arbitrary conclusion that economic power had drifted from the banks to the managers. Facts have indeed borne out this conclusion. In 1966, 1967 and 1968, in the three investigative reports (collectively known as the Patman report) prepared by the domestic monetary policy subcommittee of the U.S. Congress headed by Congressman Wright, Patman supplied us with much firsthand material on the entire picture of the concentration and monopolization of American banking capital and of banking capital's control over industrial capital. Patman arrived at the following conclusion: "As I see it, the materials herein indicate for the first time that today's American economy faces the great danger of certain industries or trades falling into the grip of a number of companies, a situation reminiscent of the great monetary trust in the early period of the 20th century. Commercial banks, employing the various methods described in these reports are in control of the investments of several billion dollars. As large shareholders, they hold the voting rights of the principal companies of nearly all the important trades or industries of the national economy. These banking institutions have representatives sitting on the board of directors of the above-mentioned principal industrial corporations. At the same time they provide the principal source of loans to these corporations. Hence, a small cluster of banks can exercise enormous influence on certain of the biggest corporations in our country or even control them altogether. In addition, the thousands of medium-sized and small enterprises scattered in the country are under the domination of the large commercial banks in their respective localities. No rational being can deny the infiltrative nature of banks after studying these reports." The publication of these reports elicited wide attention from the capitalist world.

Generally speaking, under the conditions of modern capitalism, banking capital has steadily increased its infiltration into, and control of, industrial capital, by means of loans and credit relations. According to statistics compiled by the Department of Commerce of the U.S. Government, between the years 1946 to 1972, of the new capital funds raised by the corporations in the country, two-fifths came from sources outside of the corporations themselves, principally as bonds floated by the corporations through the banks or even outright bank loans. Many corporations have floated long-term bonds larger in amount than their own capitalization. Of bank loans to industries, medium-term (below 5 years) loans have greatly increased. They can be used for the purchase of machinery, equipment or other production materials and in reality are equivalent to a kind of indirect investment from the banks. In other principal capitalist countries, the degree of dependence on external capital on the part of their enterprises was even larger. In the first half of the 1970's, British enterprises obtained external funds amounting to about half of their capital funds. In West Germany this figure was three-fifths, and in Japan over four-fifths. Needless to say, external funds from bank loans occupied an important position. In addition, other financial institutions such as insurance companies (especially life insurance companies), trust companies, credit and loan associations, savings associations, and so on, all play an increasingly important role in the supply of funds to enterprises. This is a new phenomenon not to be overlooked in the financial field in postwar capitalist countries.

It must be especially pointed out that after the war the role of trust departments of banks was also noticeably strengthened. This was particularly true in the United States. According to the U.S. 1933 Banking Act, commercial banks were forbidden to invest in industrial and commercial enterprises. Furthermore, the 1934 Stock Exchange Act also stipulated that the financial relations between banks and large corporations must be revealed to the public. To a certain extent this legislation has reduced or weakened the traditional binding relationship between banking capital and industrial capital. After the war, American banks resorted to various means to expand the business of their trust departments and made use of the increasing amounts of trust funds at their disposal to purchase the stocks and debentures of big corporations. They thus became the principal shareholders of the corporations and actually controlled them. Simultaneously, because after the war the working class stepped up its struggle against monopoly capital, the latter rapidly devised the annuity system in an endeavor to split the workers' ranks, to weaken the power of workers' unions in waging struggles, and to pacify the contradictions between labor and capital. The corporations entrusted the great proportion of their annuity funds to the custody of the trust departments of the banks, and the latter used these funds to purchase the stocks and debentures of the big corporations. This became an important measure enabling banking capital to control industrial capital. The annuity system developed rapidly in the 1960's, but by the 1970's it had become a powerful force in the American stock market. According to statistics, by 1975 the private annuity funds entrusted to the trust departments of banks had in their control one-fourth of the total volume of new shares floated by American corporations. Therefore, basically speaking, this is not so-called "annuity socialism." Rather, in name and in fact it is the rule or domination of financial capital covered by a coat of red paint to deceive others. Among the countries in Western Europe after the war, conditions of this kind have likewise developed. For example, in the 1970's, the volume of stocks entrusted

to the banks of West Germany amounted in value to 50 percent of the total volume of stocks and debentures floated domestically.

As for capital participation, an obvious change occurred after the war. This was the drastic reduction in the volume of stocks which banks must have on hand to acquire control of the enterprises. Following the increased concentration of production and capital and the continued expansion of the scale of monopoly organs, the volume of stocks has also increased and the shareholders' rights have become even more scattered and diversified. As a result, the volume of stocks required for the control of an enterprise has been generally reduced. Under ordinary conditions in the past, holding 25 percent of the stocks of an enterprise was usually sufficient to acquire control of that enterprise. According to a congressional report in the United States, in the 1960's, generally speaking holding 5 percent of any kind of the stocks of a corporation was sufficient to exert important influence on the corporation or to acquire control over it. According to statistics compiled by the Japanese weekly NIHON KEIZAI, in September 1970, the 8 large Japanese commercial banks held over 5 percent of the stocks of 221 out of 687 big corporations in the country. This was roughly one-third of the total number of big corporations. The Fuji Bank alone controlled over 5 percent of the stocks of 41 big corporations while the 8 large Japanese banks occupied the dominant position of big shareholders of 80 big corporations.

With regard to staffing, in the postwar period the situation of the big banks and big corporations reciprocally holding seats on each other's board of directors has been especially prevalent. According to an investigative report conducted in 1978 by the American Government on 130 big corporations, the largest 13 had not only formed a spider-like network of reciprocal directorship relations (as many as 240 instances were cited) but also maintained various kinds of relations with 70 percent of the remaining 117 corporations.

The above-mentioned situation primarily reflected that under the current conditions of capitalism, the union of banking monopoly capital and industrial monopoly capital had taken a new form and achieved further development. The financial capital interests of the imperialist countries took precisely this road and steadily strengthened their control and domination of the national economy. No wonder the "Patman report" made the following striking remarks: "Summarizing the above, it can be seen that America's important banking institutions, by means of the enormous funds at their disposal and through the centralization of these funds and the various kinds of reciprocal relationships they have with a large proportion of America's nonbanking enterprises, have become the only and most important force in the economy." "The power of the banks themselves has already deeply impressed people but, more than that, their union with other financial organizations has made them to tower above all." In other words, since World War II, although evolutions have taken place in the pattern of the banding together of banking capital with industrial capital, at no time has financial capital been disintegrated, nor has financial control been lost. Precisely on the contrary, the union of banking monopoly capital and industrial monopoly capital is much closer than before.

III

Naturally, on account of the role played by the law governing the uneven development of capitalist economy, after the war the relative strength of the many monopoly capital combinations underwent rather important changes. Take the United States for example. Before the war (1939) the entire national economy was under the control of eight large financial blocs. After World War II, particularly in the 1970's, in addition to seven of the old financial blocs--Morgan, Rockefeller, Mellon, Du Pont, Chicago, Boston and Cleveland--there emerged three new financial blocs: the Bank of America (California), First National Citibank and Texas. After the war, the Cohen-Loeb bloc, which used to occupy second place among the eight old financial blocs before the war, lost its importance and became a subsidiary of the Rockefeller bloc. Beginning in the last years of the 1950's, both the Cleveland and Du Pont blocs were successively squeezed out of the ranks of the eight large financial blocs whereas a number of local financial groups, particularly in California and Texas, which had made their fortunes from the armaments industries, electronics and other newly emerged industries, rose to take their place, becoming the upstarts of national monopoly capitalism.

At the same time, among the old financial blocs, their comparative financial strength also met with varying fortunes. Both the Morgan bloc and the Rockefeller bloc used to be in the front ranks. However, beginning in the 1960's, the Rockefeller bloc rapidly grew in strength and after the beginning of the 1970's surpassed the Morgan bloc and occupied first place. Despite the changes in the ranking and the economic strength of the postwar American financial blocs, the economic foundation of the modern capitalist society has never been even slightly shaken. There was no possibility of changing the dominant position of the financial oligarchs within the country. The important diplomatic and economic policies of the American Government must to a certain extent reflect the interests and wishes of the big financial blocs, particularly the two "magnates," Rockefeller and Morgan.

West Germany and Japan were defeated in the war. But in the postwar period their financial capital and financial oligarchs staged a comeback, and their rule was gradually extended in the domains of economic life and political life of their respective countries.

After Germany entered the stage of imperialism, its three large banks, including the Reichbank, were the pillars of financial capital of the whole country for a long time. During the early postwar period, these three banks were for a time practically eliminated and were reorganized into 30 local banks. However, under the protection of the American and British occupation authorities, the economic ruling position of Germany's monopoly capital bloc was never really shaken. In the early 1950's, these 30 German banks were again reorganized to form 9 big banks. Following the recovery and swift development of West Germany's economy, in 1957 the West German parliament enacted a law which actually put the nine banks under the three national banks. In this way the three original banks recovered their former influential position. They became the nucleus for the gradual formation of postwar West Germany's various monopoly capital blocs. Take for example, Siemens, whom Lenin called "one of Germany's greatest industrialists

and 'financial kings.'" At present, the Siemens concern heads West Germany's No 1 financial capital bloc--the Reichbank. In 1931, the Siemens concern's assets amounted to only 63 million marks, employing 83,000 people. By the early 1970's, its gross assets had grown to 13.72 billion marks and it had a staff of over 300,000 people. In 1978, of the 10 biggest electrical conglomerates of the capitalist world, it occupied fifth place. In addition, the three big chemical plants, namely, the Hoechst, Bayer and Baden plants (respectively the first, second and third largest chemical plants in the Western world) under the control of the Fabin financial bloc, and the Krupp concern (ranked fifth among the 10 big iron and steel conglomerates of the West) under the control of the Dresden financial bloc, have all revived and begun to hold sway in their respective fields.

The postwar revival of financial capital in Japan followed approximately the same course. Following Japan's surrender, the American military occupation authorities ordered the "dissolution" of the old financial blocs of Mitsui, Mitsubishi, Sumitomo and others. In reality only the signboards of the "family companies" were changed, and with the help of several large banks the old blocs managed to retain their former influence and power. Later, under the pretext of "economic cooperation" between America and Japan and with the support of American monopoly capital, not only were their operations not restrained but also their former signboards actually reappeared. Companies like Mitsui Resources and the Mitsubishi Commerce at one time had to change their names and diversify their operations, but they soon resumed their activities in a lively way. After the war, most of the Japanese companies were burdened with heavy debts, and since the banks were the principal creditors, the companies had to depend on the banks for support. Hence, in the 1950's the monopoly organs which surfaced usually took the form of a big bank serving as the nucleus which banded together the monopoly enterprises of the trades, holding each other's shares and effecting mutual infiltration by means of reciprocal personnel placements and other measures. In this way, a situation of the joint growth of banking capital and industrial capital reappeared and there was a rapid inflation of financial capital. The situation soon developed into one in which the six big financial blocs of Mitsui, Mitsubishi, Sumitomo, Fuji, Daiichi Kangyo and Sanwa actually held in their hands the supreme political and economic power of Japan. Although the newly emerged financial blocs (Daiichi Kangyo, Fuji and Sanwa) are somewhat different from the other three old blocs and have a very thin "family" link, their real nature remains very much the same. Thus, with the close union of banking monopoly capital and industrial monopoly capital as the foundation, they have restored the rule of the financial oligarchy in Japan.

Therefore, generally speaking, among the postwar principal capitalist countries, although changes of varying degrees have occurred in the internal structure and reciprocal relations of the individual monopoly financial blocs, their financial capital power not only has not been weakened but has actually been unprecedentedly inflated. A small minority of the biggest monopoly capitalists having a tight hold on financial capital still control firmly the economic lifelines of their respective countries. Among this group of financial oligarchies, many still belong to the old financial blocs that existed before the war, but since the 1950's new and strong financial blocs have appeared in succession. Following the daily-growing inflation of financial power, while on the one hand the financial blocs have

further infiltrated into each other's domain, the alliance between the families of the old and new oligarchs has in the meantime been strengthened and the old financial empires have been replenished with new blood. In this way, after the war the ruling position of the financial oligarchs in the various countries has been further augmented. Just as Lenin wrote; "Financial oligarchs have covered the economic structures and political structures of modern capitalist society with a close network of relations of mutual dependence." "Aside from the banks and industries forming 'individual combinations,' these two types of companies have also effected 'individual combinations' with the government." ("Selected Works of Lenin," Vol 2, pp 841, 746) A situation of this kind existed in the past, but its development after the war was especially rapid. Formerly, monopoly capitalists themselves seldom appeared on the political scene. They relied principally on their managers or agents as their representatives. However, after the war, owing to the growing intensification of contradictions both inside and outside the imperialist states and to the many and numerous difficult problems awaiting solution, many of the oligarchs found that unless they themselves personally took charge and relied on the authority of the state, the problems could hardly be solved. Consequently, some of the monopoly capitalists, while searching for managers had to climb onto the political stage themselves. An increasing number of them have made public appearances. In the postwar period in the United States, the successive governments have almost always been served by cabinets of "people of wealth and opulence." And conditions of this kind are not exceptional in postwar Japan and Western Europe. This phenomenon of state power and monopoly capital being close-knit has increasingly become a new and vital feature of modern capitalism in the realm of politics. It indicates a new development in postwar state monopoly capitalism.

CSO: 4004/5

IT IS NECESSARY TO KNOW THE MINDS OF THE PEOPLE

Beijing RED FLAG in Chinese No 19, 1 Oct 81 inside back cover

[Article by Shi Ding [2514 7230]]

[Text] In a speech delivered to the meeting celebrating the 60th anniversary of the CCP, Comrade Hu Yaobang vividly described as "very encouraging" the reaction of the vast numbers of cadres and the masses to the general political guiding principles adopted since the 3d Plenary Session of the 11th CCP Central Committee. He pointed out, "This is also precisely one of the fundamental reasons why the change since the 3d Plenary Session of the 11th CCP Central Committee is so powerful and irresistible."

It is "encouraging" because it "conforms to the people's minds." The general political guiding principles since the 3d Plenary Session of the 11th CCP Central Committee conform to the minds of the people and the party and have therefore greatly mobilized the enthusiasm of the vast numbers of cadres and the masses, in particular the vast numbers of peasants who are profuse in praise for the policies and various responsibility systems the party has adopted. The peasants have said, "The policies set by the party's leading authorities are so good that people have become more capable and the land has given richer crops." As reported, the family of Yan Guoming, a production brigade head 50 years or more in age in the Liu Jiadian commune of Shenqiu County, Henan Province, has harvested more than 10,000 jin of wheat this year. In celebrating the good harvest, he never forgot to express his gratitude to the party. He went to the market and bought 10 jin or more of meat, then set off fireworks and saluted the north. He said, "I worship neither gods nor heaven but only the party's central authorities in Beijing. The party's central authorities really know well the minds of our peasants in bringing us such a happy life."

"The party's central authorities really know well the minds of our peasants." This comment of the broad masses of peasants on the party's policies and responsibility system inevitably makes me recall a saying of Comrade Liu Shaoqi in his report at the eighth national party congress--"It is necessary to know the minds of the people"--and enables me to really understand its importance. We communists, whose fundamental stand and sole aim is to serve the people wholeheartedly, can only win the sincere support of the broad masses of the people if we can know the minds of the people, understand their will and needs, and thus work out and carry out the guiding principles which conform with the people's fundamental interest

and succeed in seeking real benefits for them. To know the minds of the people is the key to carrying out the mass line of the party.

However, to know the minds of the people is not an easy task. In the saying "really know well the minds of our peasants," the key word is "really." We have witnessed a few cases where our comrades seemed to have known but in fact did not know or even misunderstood the minds of the people. Cases like these can still be found today in a small number of comrades. I can still remember that many comrades thought that vigorously promoting collective canteens was the "will" of peasants during the years of the "Great Leap Forward." In fact, did peasants really want to do so? At present, a small number of cadres are passively resisting the enforcement of responsibility systems in rural areas, in particular the practices of "fixing output quotas for each household" and "assigning households full responsibility for task completion" in some areas which have more difficulties. These cadres always go against the will of the masses. Is such a situation not a fact? The reason for this is that the influence of the leftist thinking remains alive and thus prevents them from really knowing the minds of peasants. The peasants indeed have their reasons for criticizing these cadres as "people whose stomachs are full and therefore do not feel the hunger of others."

To know the minds of the people, truly and not superficially, the most important thing is that we must have a correct attitude and stand, and firmly establish the mass viewpoint. As pointed out by Comrade Mao Zedong, "We must make every comrade clearly understand that all speeches and acts of a communist should be aligned with the highest criteria which form with the greatest interest of the broadest masses of people and are supported by them." With this understanding, we must do everything for the people and depend on the people for everything; we must immerse ourselves in the masses and earnestly listen to their opinions; we must think what they are thinking, be eager to meet their needs and link our hearts to theirs. Of course, in order to know the minds of the people, we still have to go personally among the masses to observe and experience reality. Otherwise, we will, though out of "concern for the masses," do stupid and wrong things if we always act on our own and substitute our own subjective judgments for the masses' true will.

CSO: 4004/5

END

END OF

FICHE

DATE FILMED

9 Dec 1981